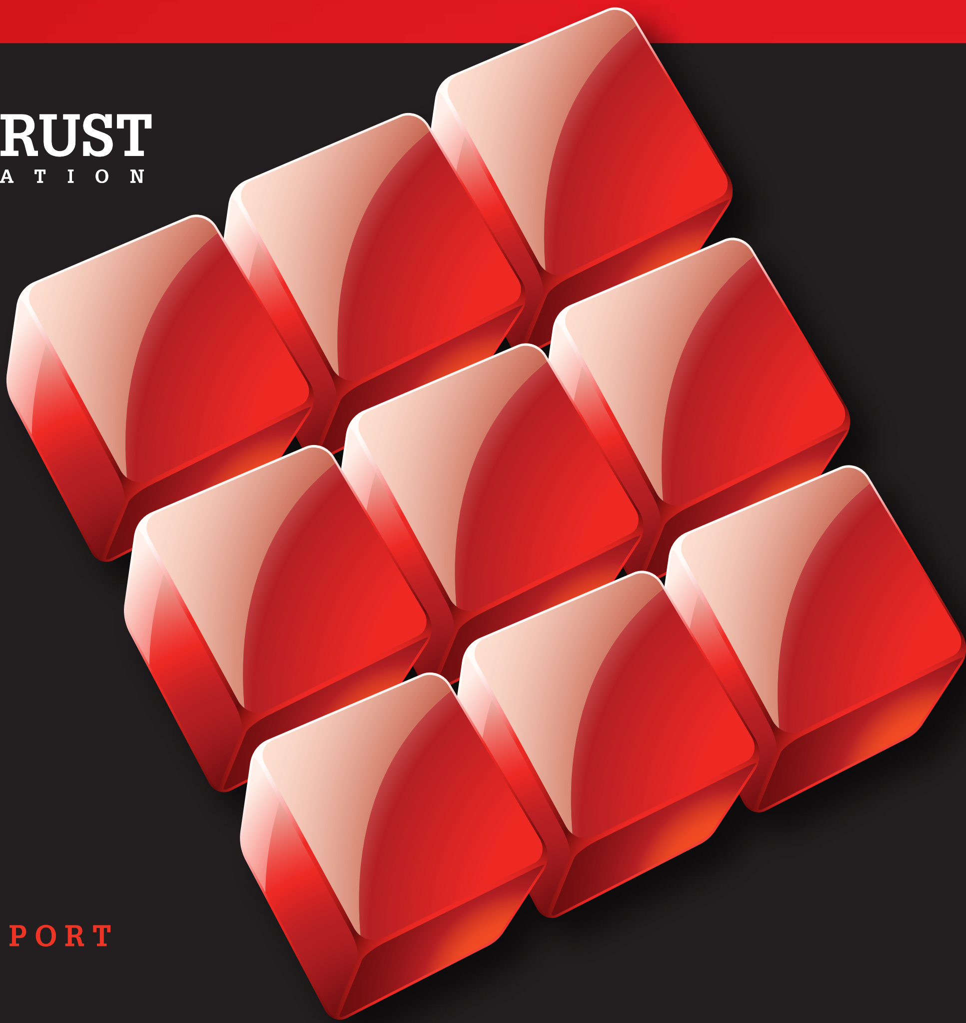
UNIT TRUST
CORPORATION



2009 ANNUAL REPORT

SAFETY ▪ STRENGTH ▪ STABILITY

Our Mission

To create and enhance customers' wealth by providing superior financial services, in a caring and cost effective manner through dynamic leadership, good governance, advanced technology and an empowered and knowledgeable staff.

Vision

To be the people's preferred financial services provider in the region.

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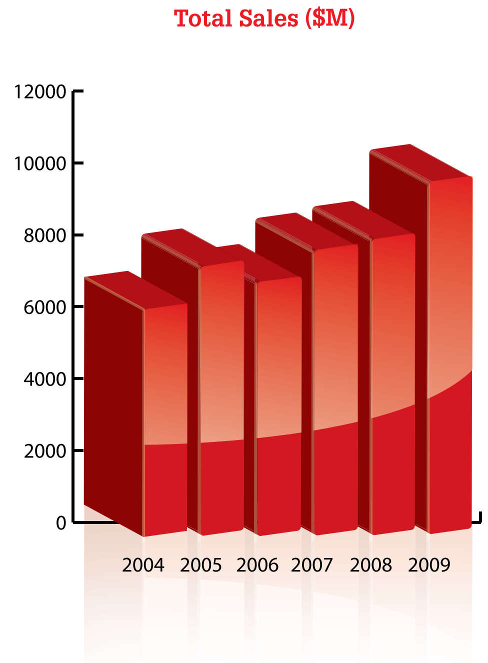
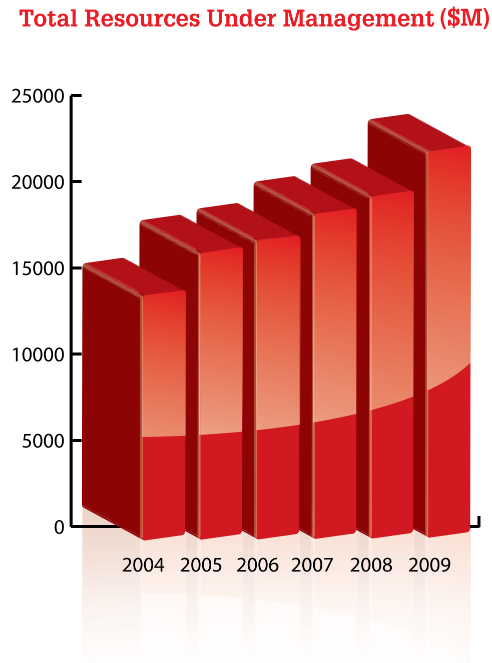
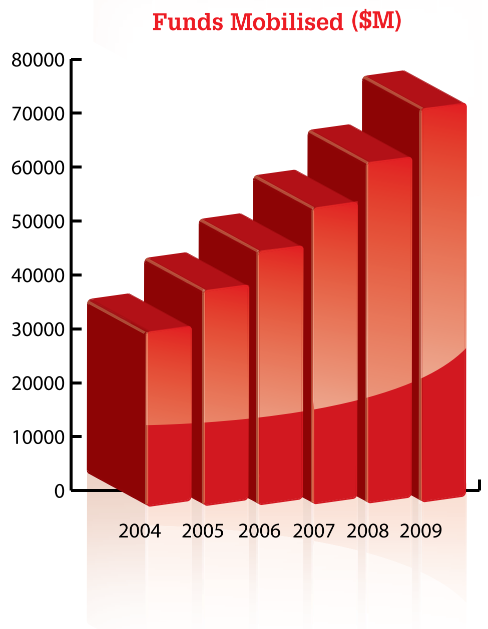
Financial Statements

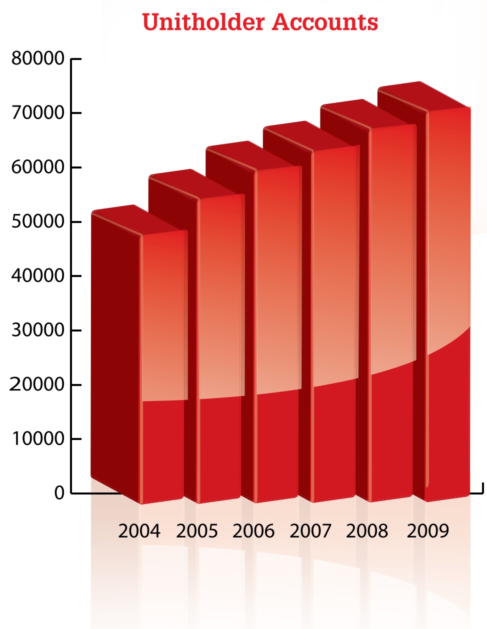
Performance Highlights

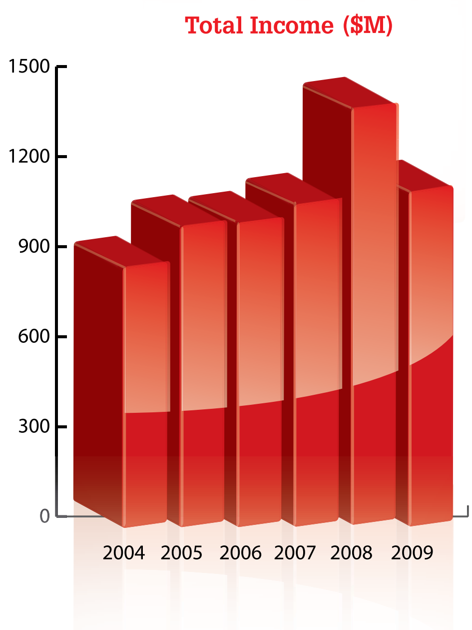
	2004	2005	2006	2007	2008	2009
Investment Fund Size ($M)						
Growth & Income Fund		4,789.03	4,629.12	4,711.25	3,468.31	3,123.82
TTD Income Fund		6,803.97	6,934.15	7,192.86	7,972.32	10,345.82
USD Income Fund		3,723.66	3,948.44	4,343.64	3,995.19	4,830.43
UTC Energy Fund		N/A	N/A	37.32	27.51	30.15
UTC Latin American Fund		N/A	N/A	0.25	6.22	6.71
UTC European Fund		N/A	N/A	0.47	5.75	6.38
UTC Asia-Pacific Fund		N/A	N/A	0.72	9.44	9.39
UTC Global Bond Fund		N/A	N/A	0.51	8.90	9.90
UTC North American Fund		N/A	N/A	N/A	190.75	215.20
Belize Money Market Fund		90.26	93.87	96.02	102.22	85.40
Pension & Other Funds		614.61	632.03	695.66	649.47	596.09
Total Funds ($M)		**16,166.88**	**16,384.24**	**17,232.06**	**16,574.74**	**19,408.55**
Other Funds ($M)						
Treasury /Merchant Banking portfolio		702.83	1,105.56	1,746.82	3,391.82	3,160.08
Corporation's retained earnings		456.88	533.67	634.74	701.42	725.42
Total Other Funds ($M)		**1,159.71**	**1,639.23**	**2,381.56**	**4,093.24**	**3,885.50**
Total Resources Under Management ($M)	**14,786.81**	**17,326.59**	**18,023.48**	**19,613.62**	**20,667.98**	**23,294.05**
Mutual Fund Sales ($M)						
Growth & Income Fund		1,414.16	707.08	486.65	516.81	684.96
TTD Income Fund		4,306.91	4,413.57	4,340.19	4,871.89	6,932.21
Universal Retirement Fund		42.56	17.56	16.60	23.23	23.79
USD Income Fund		2,023.32	2,209.64	3,364.34	2,993.13	2,548.93
UTC Energy Fund		N/A	N/A	34.72	4.19	4.21
UTC Latin American Fund		N/A	N/A	0.27	6.45	0.12
UTC European Fund		N/A	N/A	0.50	6.45	0.08
UTC Asia-Pacific Fund		N/A	N/A	0.76	9.13	0.33
UTC Global Bond Fund		N/A	N/A	0.51	9.85	0.13
UTC North American Fund		N/A	N/A	N/A	130.06	1.93
Belize Money Market Fund		21.42	18.18	13.62	18.21	7.89
Total Sales ($M)	**6,592.51**	**7,808.37**	**7,366.02**	**8,258.15**	**8,589.40**	**10,204.59**
Funds Mobilised ($M)	**33,591.75**	**41,378.70**	**48,744.72**	**57,002.88**	**65,592.28**	**75,796.88**
Unitholder Accounts	**511,461**	**578,406**	**631,281**	**668,755**	**709,603**	**742,996**
Total Income ($M)	**898.38**	**1,038.90**	**1,051.24**	**1,113.17**	**1,439.08**	**1,157.11**
Distributions to Unitholders ($M)	**644.06**	**751.82**	**815.48**	**777.16**	**1,029.04**	**700.13**

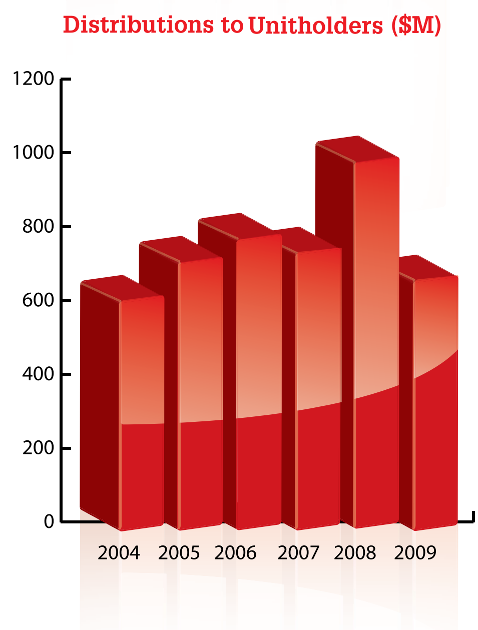

Total Sales ($M)
12000
10000
8000
6000
4000
2000
0
2004 2005 2006 2007 2008 2009


Total Resources Under Management ($M)
25000
20000
15000
10000
5000
0
2004 2005 2006 2007 2008 2009


Funds Mobilised ($M)
80000
70000
60000
50000
40000
30000
20000
10000
0
2004 2005 2006 2007 2008 2009


Unitholder Accounts
80000
70000
60000
50000
40000
30000
20000
10000
0
2004 2005 2006 2007 2008 2009


Total Income ($M)
1500
1200
900
600
300
0
2004 2005 2006 2007 2008 2009


Distributions to Unitholders ($M)
1200
1000
800
600
400
200
0
2004 2005 2006 2007 2008 2009

Corporate Information

BOARD OF DIRECTORS

Amoy Chang Fong – Chairman

Marlon Holder – Executive Director

Michal Y. Andrews

Terrence Bharath

Peter Clarke

Alan Fitzwilliam

Gerald Hadeed

Herbert Goon Lun

Dennis Gurley

Walton Hilton-Clarke

Joan John

Maurice Suite

Patricia Ilkhtchoui – Corporate Secretary

CHANGES IN THE BOARD

The term of office of **Ms. Alison Lewis,** Ministry of Finance Representative on the Board of the Corporation, expired on March 16, 2009, in accordance with section 9(4) of the Unit Trust Corporation Act Chap 83:03.

Mr. Maurice Suite, Ministry of Finance Representative, was appointed to the Board of the Corporation under section 7(1)(d) of the Act for a period of four (4) years with effect from March 17, 2009.

Mr. Herbert Goon Lun, Independent Director, was re-appointed by the Board of Directors under Section 7, Sub-sections (2), (5A) & (6) of the Act for a period of one (1) year with effect from April 21, 2009.

Additionally, **Mr. Terrence Bharath** and **Mrs. Michal Y. Andrews,** both Independent Directors, were re-appointed by the Board of Directors under Section 7, Sub-sections (2), (5A) & (6) of the Act for a period of one (1) year with effect from April 23, 2009.

Corporate Information

CORPORATE OFFICES

Head Office
UTC Financial Centre &
Main Customer Service Centre
82 Independence Square
Port of Spain
Tel: (868) 625-UNIT (8648)
Fax: (868) 623-0092
Email: utc@ttutc.com
Website: http://www.ttutc.com

CUSTOMER SERVICE CENTRES

ARIMA
40-40A Green Street
Arima
Tel: (868) 667-UNIT (8648)
Fax: (868) 667-2586

CHAGUANAS
Endeavour Road
Chaguanas
Tel: (868) 671-UNIT (8648)
Fax: (868) 671-6581

COUVA
L.P. #770
Southern Main Road,
Couva
Tel: (868) 636-9871
Fax: (868) 636-4750

POINT FORTIN
13 Handel Road
Point Fortin
Tel: (868) 648-6836/2997
Tel/Fax: (868) 648-2997

SAN FERNANDO
23 High Street
San Fernando
Tel: (868) 657-UNIT (8648)/0041
Fax: (868) 652-0620

SANGRE GRANDE
2 Eastern Main Road
Sangre Grande
Tel: (868) 668-6475/691-UNIT (8648)
Fax: (868) 668-3872

WESTMOORINGS
1 Guardian Drive
Westmoorings
Tel: (868) 632-UNIT (8648)
Fax: (868) 632-7721

TOBAGO
Cor. Castries & Main Streets
Scarborough
Tobago
Tel: (868) 639-5096
Fax: (868) 660-7730

Corporate Information

BANKERS

Local

Central Bank of Trinidad & Tobago
Central Bank Building
Eric Williams Plaza
Independence Square
Port of Spain

Republic Bank Limited
Promenade Centre
72 Independence Square
Port of Spain

Republic Bank Limited
58-60 Tragarete Road
Port of Spain

Royal Bank Trinidad and Tobago Limited
55 Independence Square
Port of Spain

Scotiabank Trinidad & Tobago Limited
Corporate Offices
56-58 Richmond Street
Port of Spain

Citibank (Trinidad & Tobago) Limited
12 Queen's Park East
Port of Spain

Republic Bank Limited
9-17 Park Street
Port of Spain

First Citizens Bank Limited
62 Independence Square
Port of Spain

Overseas

Citibank N.A.
11 Wall Street
New York, N.Y. 10043
USA

AUDITORS

External

The Auditor General of the
Republic of Trinidad & Tobago
Eric Williams Finance Building
Eric Williams Plaza
Independence Square
Port of Spain

Internal

PricewaterhouseCoopers
Chartered Accountants
11-13 Victoria Avenue
Port of Spain

ATTORNEYS

Local

Fitzwilliam, Stone, Furness-Smith & Morgan
40-45 Sackville Street
Port of Spain

Mair & Company
50 Richmond Street
Port of Spain

Pollonais, Blanc, de la Bastide & Jacelon
Pembroke Court
17-19 Pembroke Street
Port of Spain

Chancellors
6 Maraval Road
Newtown

Overseas

Foley & Lardner
Firstar Centre
777 East Wisconsin Avenue
Milwaukee
Wisconsin 53202-5367
USA

Turner & Roulstone
Strathvale House
90 North Church Street
Grand Cayman KY - 1102
Cayman Islands

Kelley Dry & Warren LLP
101 Park Avenue
New York, NY

Notice of Annual General Meeting

In accordance with Section 31, sub-sections (2) & (3) of the Unit Trust Corporation of Trinidad and Tobago Act, 1981 notice is hereby given that the **Twenty-eighth (28th) Annual General Meeting of the Trinidad and Tobago Unit Trust Corporation** will be held at **5:00 p.m.** on **Wednesday May 26, 2010** at the Queen's Hall, 1-3 St. Ann's Road, St. Ann's to conduct the following business:

1. Receive the Corporation's Audited Balance Sheet and Accounts for the year ended December 31, 2009.

2. Receive the Report of the Auditor General thereon.

By Order of the Board

Patricia Ilkhtchoui
CORPORATE SECRETARY

March, 2010

Amoy Chang Fong

Chairman

Alan Fitzwilliam

Bank Representative

Marlon Holder

Executive Director

Board of Directors

Herbert Goon Lun

Independent

Dennis Gurley

Bank Representative

Walton Hilton-Clarke

NIB Representative

Michal Yvette Andrews

Independent

Maurice Suite

Ministry of Finance Representative

Joan John

Central Bank Representative

Terrence Bharath

Independent

Peter Clarke

Insurance Representative

Gerald Hadeed

Insurance Representative

Patricia Ilkhtchoui

Corporate Secretary

Amoy Chang Fong ▪ Chairman

Chairman's Review

INTRODUCTION

The challenge for Fund managers in 2009 was in large measure a continuation of the difficulty that they faced in 2008 as most markets suffered from returns that were below what had previously been viewed as normal. Against the background of record low interest rate levels and low stock market returns in all markets, distributions by the UTC funds fell below the record $1,029 million paid the previous year to $700 million in 2009. Changes in the domestic mutual fund industry in the second half of the year resulted in some contraction in the size of the local mutual fund market, but the UTC gained market share and is somewhat more optimistic of the prospects for the coming year.

For most of 2009, uncertainty continued to pervade global economies and markets, as global output fell 2% in the first half of the year and US stock market indicators hit a 13-year low in March. Policy interventions by monetary authorities across the globe to shore up financial institutions and stimulate demand resulted in interest rates moving down to historic lows. By the third quarter of 2009, the United States, United Kingdom and Japan had policy rates below 1% while rates in the Euro-zone area were held at 1%.

The impact of the unprecedented global recession on the domestic economy was felt in both the energy and non-energy sectors, with the fallout in the non-energy sector being more intense. For the year as a whole, output declined by 3%, the first annual contraction recorded since 1993, as value-added contributions from both the energy and non-energy sectors fell. Persistent high liquidity in the domestic markets depressed local interest rates. The Central Bank's "repo" rate fell from 8.75% at the end of 2008 to 5.25% at the end of 2009. The 3-month Treasury bill rate, a benchmark for short term interest rates, declined consistently, from 6.94% to 1.36%, while the overnight inter-bank rate also fell from 7% to 1.92%. The local stock market indices also recorded declines with the TT Composite Index falling from 842.93, its lowest point since May 2004.

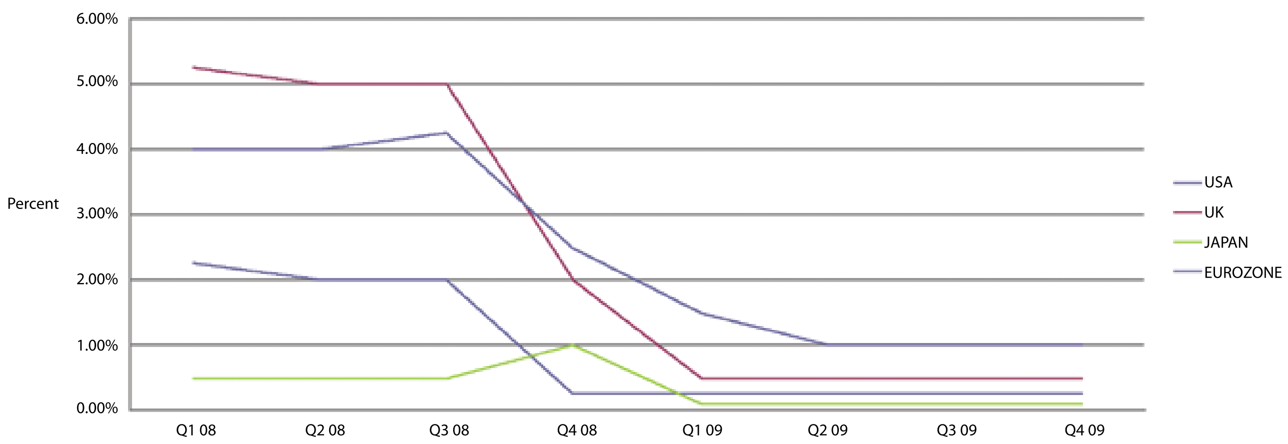
There was also some correction to the domestic inflation rate towards the end of the year as the strong influence of food prices, which were mainly responsible for double digit inflation for most of 2009, moderated significantly.

The general tone of forecasts for the global economy was, at best, for a stabilisation of economies and markets with a slow growth trend. However, confidence began a hesitant return in the second half of 2009, buoyed in part by relatively strong recovery in the larger emerging market economies, such as China, India and Brazil, a testament to the growing trading relationships among them and the lower dependence on trade with the metropoles of the USA and Europe. In addition, there was a growing confidence that the commitment of various governments to stimulus packages would bear fruit, particularly in the USA. This optimism in the second half of the year was however tempered by considerable volatility in the markets which retreated at the news of any apparent setbacks.

In the commodity markets, gold again seemed to be the target for those seeking a safe haven, with prices rising 22.86% in 2009. A wide variety of other commodity prices began to rally in the second

Chairman's Review (continued)

Chart 1: Bank Policy Rate



half of the year as the perception that the worst of the global recession was over began to take hold. Energy commodities took divergent paths with oil prices benefiting from rising expectations that world demand was recovering, while natural gas prices remained depressed because of increasing supply gluts from the Middle East, particularly Qatar.

DOMESTIC ECONOMY AND FINANCIAL MARKETS

The global financial turmoil, and the ensuing recession during 2009 which affected many regional economies, had the expected contagion effect on the Trinidad and Tobago economy. The decline of 3% in Real Gross Domestic Product (GDP) occurred even as oil prices rose in the second half of the year. The lower contribution to GDP by the energy sector was the result of lower than normal production and exploration activity.

Declining activity in the non-energy sector was felt mainly in the distribution, construction and manufacturing sectors; the latter was the most pronounced and in part reflected reduced demand from regional markets due to falling workers' remittances and tourism receipts in those countries. Combined with the relative slowdown in Government expenditure, the result was an increase in the local unemployment rate to 5.8% by the end of the third quarter, up from 4.6% in 2008.

The Government accounts for the fiscal year ended September 30, 2009 recorded a deficit of 5.3% of GDP as revenue from the energy and non-energy sectors fell by 44.8% and 18.3%, respectively. As a result, the Government and State Enterprises actively pursued funding for various capital projects through the domestic bond market as interest rates hit historic lows, with total issues of TTD6 billion providing some investment opportunities for long term investors.

With respect to domestic monetary policy, the Central Bank of Trinidad and Tobago responded to declining economic activity with an increasingly accommodative monetary stance as the year progressed. The Central Bank reduced the "repo" rate a total of eight times with the rate moving from 8.75% in January to 5.25% by year end. In response to these reductions, commercial banks reduced their prime lending rates to a median of 10.75% by year end from 13% at the beginning of the year. Yields at auction for 10-year Government paper fell from around 8.25% to 5.94%. The reduction in the lending rates, however, was insufficient to overcome falling credit demand from the business and consumer sector. On the other hand, falling mortgage rates and house prices stimulated demand for mortgage credit.

Market uncertainty had increased in January 2009, when the Central Bank had announced that it would exercise its powers to take control of the financial subsidiaries of the CL Group, namely CLICO, CMMB, CIB and British American. After the initial flight to safety, the market responded favourably as First Citizens Bank acquired CMMB and assumed the third party liabilites of CIB. Further comfort was drawn from the Central Bank's direct administration of CLICO and British American, which remains an ongoing process.

Chart 2: Dow Jones Industrial Average, FTSE 100, and MSCI Asia ex Japan Performance for 2008-2009

Given the uncertainty internationally and regionally, stock market activity remained flat, reflecting investor caution in relation to domestic equities. Overall, market activity resulted in advances in seven of the 40 stocks listed on the local Stock Exchange, declines in 26 with no change in seven.

FUNDS MANAGEMENT

Low interest rates across the board offered small but positive returns to our Income Funds. Returns to investors in the TT Dollar Income Fund fell from 6.57% in January to 2.41% in December 2009. Similarly, the yield on the US Dollar Income Fund fell from 5.06% to 2.10% over the year.

Our Equity Funds performed much better, the international stock markets began to improve in the second half of 2009 on signs that the global economy was showing evidence of recovery. The performance of four of the five international equity-based funds showed a significant improvement over the previous year. In particular, the UTC North American Fund and UTC Energy Fund offered double digit returns to investors. The geographic and market diversification strategy that we adopted in 2007 will stand us in good stead as these markets respond more quickly to stronger growth numbers.

The domestic mutual fund industry as a whole experienced a net outflow, as funds under management as at December 2009 declined by 1.8 per cent from December 2008 as one institution closed its equity fund and another announced in December 2009 a change in the quotation of its TT and US Dollar denominated income funds from a fixed unit price to a floating net asset value basis. These events resulted in many investors in those funds switching to bank deposits and other mutual fund products. The Corporation did benefit from these actions of competitors and was able to increase its market share from 43% in 2008 to just over 50% of the domestic mutual fund industry. We were consistently the leader throughout 2009.

Distributions of the Growth and Income Fund in 2009 fell to 60 cents from $1.30 the previous year (due to the one-off capital gains from the RBTT/RBC share transaction, but were better than the 45 cents distributed in 2007. As a result, aggregate distributions for all funds fell to TTD700 million from the high of TTD1,029.04 million in 2008.

Our focus continues to be the long-term provision of consistent returns to unitholders through further enhancements to our asset management and research process. To this end, further investment in specialist skills and information systems are carded for 2010.

Given the uncertainty internationally and regionally, stock market activity remained flat, reflecting investor caution in relation to domestic equities. Overall, market activity resulted in advances in seven of the 40 stocks listed on the local Stock Exchange, declines in 26 with no change in seven.

The improvements added to the U-Online service and the ATMs during 2009 are aimed at helping our customers to perform their investment activities more conveniently and efficiently. We added a number of new features to achieve these objectives, such as the ability to transfer online from a bank account and faster touch screen ATMs.

GROUP PERFORMANCE

Given the operating background for fund management and merchant banking activity, the consolidated income of the Investment Funds and the consequent income from management fees, interest income and income of subsidiaries contracted as detailed in the Executive Director's Report as the Corporation sought to stabilise investor returns in declining markets.

On the merchant banking side of the Corporation's business, activity declined as general demand for credit was lower. Trading, distribution, manufacturing and the real estate sector slowed considerably and the Merchant Banking unit and the Funds have taken impairment provisions during the year that were somewhat higher than in previous years, but represented less than 1% of total assets under management. These actions are consistent with the conservative approach adopted over the years. It is also in line with international best practice in the treatment of impaired assets. The Corporation will make all efforts to recover these values as markets recover.

Funds under management (the locally domiciled mutual funds) and total assets under management both grew somewhat faster than has been experienced in recent years. Funds under management increased from $15.5 billion to $18.4 billion while total assets under management rose from $19.9 billion to $22.6 billion over the year. The customer base also expanded, by over 20,000, to reach a total of 519,000 unitholders at the end of 2009.

OUTLOOK

The sentiment is that global recovery in 2010 will continue to be clouded by uncertainty, but there is a growing consensus that, while there may be setbacks along the way, the growth trend will continue. Growth in advanced economies is expected to be restrained by high unemployment and public debt levels, as well as by financial systems still in recovery mode. Growth prospects for emerging economies on the other hand are better as they reacted swiftly to implement policy actions with the support of strengthening of intra regional trade. With the increasing demand for commodities to fuel growth, the commodity producers in particular are experiencing faster rates of recovery.

Sustainable recovery will hinge on the restoration of confidence in the financial sector globally through appropriate reformation of the regulation of the financial markets, including derivative markets. The resolution of the debates on tax havens, compensation packages in the banking sector, and the establishment of global reserve funds to mitigate future financial fallouts would also help to boost confidence. Beyond 2010, the emerging challenge will be the re-balancing of global demand in order to sustain healthy pre-crisis growth rates. Many governments, though facing already large deficits and rising public debt, are expected to continue providing fiscal support until the recovery is on a more solid footing and even then, the withdrawal of these stimulus packages will be gradual in order to avoid the possibility of a double dip recession.

On the domestic front, economic activity in 2010 is projected to expand by around 2%. This is subject to downside risk and assumes that the gradual recovery in the global economy spurs a steady rise in demand and consequently prices of energy sector products. Current prices for oil are averaging USD77 a barrel, which is well off its low in 2009 of USD45, with natural gas prices, the key driver of Government revenues, trading at around USD4.50 per mmbtu, compared to a low of USD3.00 in September 2009. The prices used in the Government's 2010 Budget estimate were USD55 a barrel for oil and a net-back price of USD2.75 per mmbtu for gas, which is based on a market price of around USD5.00. Expectations of improvement for the non-energy sector, and principally the construction sector, will hinge on Government's announced infrastructural and housing programmes. The resumption of economic activity and growth in international commodity prices can lead to an uptick in inflation. However, on the positive side, it will augur well for a correction in external account balances and improved foreign reserves. Liquidity is projected to remain high and as a result, interest rates will continue at current low levels. Central Government has budgeted a fiscal deficit of 5.4% of GDP for fiscal 2010. The funding of the deficit through market borrowing has consequences for the debt profile which was 31.1% of GDP at the end of the previous fiscal year.

CONCLUSION

The Corporation continued to grow in 2009, overcoming the decline in the global and domestic financial markets. Financial markets are still clouded by uncertainty though a recovery seems to be on the horizon. Returns have been low, but prospects appear to be improving. As we look forward to the rest of 2010, we at the Corporation will continue to enforce the investment disciplines that allowed us to weather the recent stormy periods and continue to position ourselves to seek out and execute on investment opportunities.

In closing, I want to express my appreciation to my fellow Board members for their continued support and guidance over the last year when their experience was invaluable in achieving our goals and vision in 2009. On behalf of the Board, I wish to thank the management and staff of the Corporation for their steadfast dedication and unfaltering effort in the fulfilment of our shared mission.

Last but not least, I want to sincerely thank our family of unitholders for their loyalty and continued confidence in the Corporation's ability to seek out investment opportunities with the right risk profiles while providing competitive returns on their investments. As we face what should be an interesting year, we look forward to serving you in meeting your personal financial goals.

Amoy Chang Fong
Chairman




Marlon Holder ▪ Executive Director

Executive Director's Report

INTRODUCTION

I am pleased to report to you on another successful year for the Trinidad and Tobago Unit Trust Corporation. Our diversified business model has led to the UTC successfully overcoming the worst world financial crisis since the 1930s. We have performed better than our competition, resulting in our market share increasing from 42% to 50%, an exceptional 8% increase in 2009. The Corporation's 2009 corporate strategic theme of "consolidation" put in place two years before the financial crisis, benefited the Corporation tremendously in 2009, enhancing our reputation for safety, strength and stability.

Distributions to unitholders exceeded TTD700 million in 2009. Investors in some of our new products like the Energy Fund had double digit returns, while investors in our mature products like the Income Funds continued to have very competitive returns compared to bank deposits. Assets under management increased by TTD2.8 billion to TTD22.7 billion. Our customer base has also increased by over 21,000 new customers, leading to a total customer base of over 519,000 for 2009.

We have also strengthened our capital base; it has grown to over TTD821 million from TTD781 million in 2008, despite having to prudently adjust for some diminution in the value of some of our assets.

Last but not least, we executed over 70 community projects throughout Trinidad and Tobago enhancing the quality of life of those less fortunate. These results have been noted by many persons and have resulted in the UTC being adjudged the most admired company in 2009 based on independent survey results.

FINANCIAL PERFORMANCE

The results of operations for the Trinidad & Tobago Unit Trust Corporation and its Group of Companies for the 2009 financial year reflect our continuing philosophy of maximising the returns to our customers.

In line with international accounting best practice, we have had to consolidate our majority investment in our US and Cayman operations. As a result we have had to restate our 2008 results to comply with these standards. Also in line with international best practice, we have had to include what is called Comprehensive Income, which represents gains and/or losses on our proprietary available for sale financial assets and exchange differences on translation of foreign operations. We elected to rename our Balance Sheet and Income Statement to Statement of Financial Position and Statement of Comprehensive Income to comply with the standards (IAS 1).

Total Assets under management of the Unit Trust Corporation and its subsidiaries grew by 13.4% in 2009. Total Assets increased from TTD19.9 billion at year end 2008 to TTD22.7 billion at this year end. The significant contributor to this performance is the increase in size of our mutual funds under management. Our mutual funds grew by 18.5% from TTD15.5 billion (2008) to TTD18.4 billion as at December 31, 2009.

The group's assets contracted marginally from TTD4.4 billion in 2008 to TTD4.2 billion this year. This movement is primarily attributed to the reduction in the Investment Securities of the Merchant Banking business as corporate issuers reduced their borrowing needs.

Executive Director's Report (continued)

Income earned decreased by 19.54% from TTD1.4 billion to TTD1.16 billion mainly due to the historically low interest rate environment which prevailed for all of 2009, but significantly more so in the latter quarter, and the decline in local and regional equity markets (our largest equity holdings) offset by positive performance in the international equity markets.

Distribution payments to unitholders were TTD700 million, a reduction of TTD300 million from the extra-ordinary TTD1 billion payment of 2008 which was due to the distribution of realised gains on the sale of shares of a large local bank to a Canadian bank.

Net Income after tax was TTD88 million compared to TTD124 million in 2008, a 29% decline, as we provided for impaired assets representing 0.85% of our total assets and reduced our management charge from 1.3% to 1.2% on the value of funds under management. Total comprehensive income for the year was TTD124 million compared to TTD117 million in 2008, a 6% increase year on year.

MARKET AND PERFORMANCE RESULTS

TT Dollar Income Fund

According to provisional data from the Central Bank of Trinidad and Tobago the local economy contracted by 3%, compared to an average growth rate of 7% during the previous 5 years. The level of unemployment increased year on year from 3.90% to 5.80% while private sector credit declined 4.40% in 2009. Inflation fell sharply from 14.50% in December 2008 to 1.30% in December 2009. The average daily excessive liquidity increased from TTD630.20 million in 2008 to TTD2,191.27 million for 2009. This led to a depressed interest rate environment as the Repo rate was adjusted downward from 8.75% to 5.25% for the year; 3-month Treasury bills went from 6.94% to 1.36% and the overnight interbank rate declined from 7% to 1.92%. Management adopted a strategy to seek higher yields at longer tenures by purchasing long term bonds. However, the execution proved to be challenging because of the limited amount of long term investments that came to market, coupled with a high level of aggressive bidding occurring at bond auctions. During 2009 the Government issued a combined total of seven GOTT and GOTT Guaranteed bonds amounting to TTD4,262.00 million with a weighted average interest rate of 7.04%. For the year 2009, the TT Dollar Income Fund's average rate of return to unitholders stood at 4.47% which represents a 1.94% decrease from the average return of 6.41% for 2008 which is still competitive to deposit rates.

US Dollar Income Fund

Real GDP in the US contracted by 2.40% in 2009 after registering marginal growth of 0.40% in 2008. This decline in economic activity represents a continuation of the market correction from the global financial crisis which began in late 2008. The US economy and global financial markets stabilised after massive stimulus packages (USD800 Billion-plus in the USA alone) and the sustained accommodative monetary policy support by the Federal Reserve and other Central Banks worldwide. The coordinated effort by the Federal Reserve and Central Banks to stabilise the financial system resulted in the Federal Fund Rate hitting a low of 0.25% in 2009. This, together with the very liquid local monetary base, has led to historically low US dollar money market rates. The interest rates on 30-day to one-year paper averaged 0.13% to 0.59% at the end of 2009. Despite the lower interest rates, the US Dollar Income Fund (USDIF) was able to deliver a competitive rate of return by allocating a portion of the portfolio to longer term investments. The average return to unitholders in the Fund for fiscal year 2009 was 3.72%, which is a decline of one percentage point when compared to the average return of 4.72% for 2008 which is competitive to USD deposit rates.

Universal Retirement Fund

Economic activity in Trinidad and Tobago contracted in 2009 by an estimated 3% as a result of a weak energy sector performance and sharp declines in manufacturing, construction and distribution. This is the first annual decline in GDP since 1993. The local equity market ended the year down by 9% as listed companies' earnings were negatively impacted by lower business and consumer demand for their products and services. The performance of the Universal Retirement Fund was driven mainly by income generation as the strategy entailed overweighting long-term fixed income government securities as money market rates remained low and the domestic equity market continued to decline. The Universal Retirement Fund (URF) posted a return of 1.99% in 2009 when compared to a return of -0.78% in 2008. The value of a unit increased TTD0.56 over the year to close at TTD28.65.

Growth and Income Fund

The decline in economic activity in most countries across the globe resulted in an estimated contraction in world output of 0.8% for 2009 as compared to growth of 3% in 2008. Output in the Caribbean region is also projected to decline 1.4% for the year when compared to growth of 1.9% in 2008. As a result, the Growth & Income Fund (G&IF) which operates in local, regional and international financial markets, had a challenging year in generating wealth for customers. The returns from the fund's long-term fixed income and international equity components offset the unrealised losses on the local equity positions. The interest income from fixed income investments along with dividends from local and international stock holdings, generated distribution income of TTD0.60 per unit for 2009. The G&IF posted a net return to unitholders of -1.21% in 2009 versus -11.36% in 2008.

Latin American Fund

In 2009 the Latin American region contracted by 3.1%, after growing by 3.8% in 2008. The global financial crisis severely impacted the Latin American region, primarily due to falling commodity prices. The most affected economy was Mexico, where GDP growth contracted by as much as 8% in the first quarter and 10% in the second quarter of 2009, based on its strong linkages to the US economy.

The region, however, began to experience some recovery in the second quarter of 2009, led by Brazil. Other economies that staged a significant recovery in the region included Colombia and Peru, supported by an enhanced ability to implement countercyclical monetary and fiscal policies, more resilient financial sectors, and a willingness to use the exchange rate as a shock absorber. The rebound of commodity prices also improved the overall performance for the region's economies.

Ultimately, Latin American markets rallied significantly at the close of 2009, showing their best performance over the past 15 years. Latin American equities as measured by the MSCI EM Latin America Index returned 98.14% for 2009, while Latin American bonds as measured by the JP Morgan Latin American Eurobond Index returned 24.4%. As at December 31, 2009, the Fund held 38.44% of fund size in equity, 23.66% of fund size in fixed income securities and 37.91% of fund size in cash. The Fund posted returns to unitholders of 6.45%, underperforming its benchmark, which recorded a return of 44.72%, because of its underweighted equity holdings.

European Fund

The European region was severely hit by the global economic crisis, as GDP declined by 0.1% in the second quarter of 2008 and fell further to -2.4% in the first quarter of 2009. Recessionary pressures began to ease in the second quarter of 2009, with the rate of contraction slowing to 0.3%, with the region eventually emerging from its recession in the third quarter of 2009 as GDP expanded by 0.4%. The European region was supported by improvements in economic fundamentals in Germany and France – the two largest European economies, as both countries benefited from a rebound in their exports.

Based on preliminary estimates, the rate of expansion in Europe slowed to 0.1% in the last quarter of 2009 owing to the absence of growth in Germany and an unexpected contraction in Italy's economy. The German economy failed to grow as quarterly GDP posted a growth rate of 0% in the fourth quarter of 2009 as private consumption and investment activity were negatively impacted by the expiration of the government stimulus packages and rising unemployment.

Executive Director's Report (continued)

The downward trend in European equity markets that characterised 2008 continued into the first quarter of 2009. However, the markets were lifted by news of the emergence of the European region from its recession in the second quarter of 2009. European equity markets as measured by the S&P 350 Europe Index turned positive in the second quarter of 2009, posting gains of 16.14% after incurring an average quarterly loss of 13.22% in the past five quarters. Buoyed by the rally, the European Fund increased its equity exposure from 25% at the end of March 2009 to 45.55% at the end of December 2009. As a result, the Fund's performance improved, from incurring an initial loss of 6.92% at the end of March to posting a gain of 2.40% at the end of 2009. Compared to the 100% equity benchmark, the Fund is still underweighted to equities. As a result it underperformed its customised benchmark, which recorded a return of 25.79%.

Asia Pacific Fund

In 2009, economic growth in the Asia Pacific region slowed to an estimated 2.8% compared to the 6.7% experienced in the past decade as export demand declined, investor and consumer confidence fell and remittances slowed. The region experienced job losses, a decline in private consumption and a decrease in inflation. Economies such as Japan, Taiwan, Hong Kong and Singapore entered a recession while China, India, Indonesia and Australia continued to grow. By the third quarter of 2009, the region entered a recovery phase buoyed by massive fiscal stimulus packages, expansionary monetary policies and an overall global recovery. As a result Taiwan's third quarter GDP rate of decline slowed from -6.9% to -1.3%, while Singapore's GDP improved from -9.5% year on year in the first quarter of 2009 to -0.8% year on year in the third quarter. China and India led the region's growth, posting full year GDP growth of 8.7% and 5.6% respectively. Asia Pacific equity markets rose in 2009 with the MSCI Asia Pacific Index registering a gain of 34% for 2009, its biggest annual gain since 2003. The best performing stock markets in the region were China's CSI 300 Index, Indonesia's Jakarta Index, India's Sensex Index and Taiwan's Taiex Index with returns of 96.71%, 86.98%, 81.03% and 78.34% respectively.

Uncertainty surrounded the global economic environment in 2009 and as such the Asia Pacific Fund adopted a cautious approach, focusing on capital preservation and increasing the Fund's holdings in high quality assets. As a result, at the end of 2009 the Asia Pacific portfolio was underweight equities at 36.66% of fund size and overweight fixed income and cash and cash equivalents at 23.80% and 39.54% of fund size respectively. Consequently, during the period under review, the Fund posted returns to unitholders of 1.12%.

Global Bond Fund

In 2009 the US economy contracted by -2.5%, according to the International Monetary Fund's (IMF's) January release, after having exited a recession in the third quarter of 2009. The IMF has also reported a -3.9% growth for the Euro area in 2009 and a -4.8% result for the UK. China and India posted 2009 annual growth of 8.7% and 5.6%, respectively, while in 2009, emerging markets as a whole grew 2.1%.

In 2009, widespread government interventions globally began thawing credit markets, reducing volatility and credit spreads back toward pre-crisis levels. Global fixed income instruments joined in a broad-based financial market rally, with the JP Morgan Global Aggregate Bond Index posting 6.08% for 2009, while the Barclays Capital Global Aggregate Total Return Index returned 6.93%. Non-investment grade bonds significantly outperformed their investment grade fixed income counterparts in 2009. The JP Morgan EMBI Global Total Return Index, a widely used benchmark for emerging market debt, was up 28.18% for the year. These returns were buoyed by the re-entry of sideline cash by both institutional and retail investors. Spurred on by these improvements, the Global Bond Fund rebalanced its portfolio toward an overweight in bonds. The Fund however ended the year underweight compared to its benchmark's bond component. Consequently, the Fund posted returns to unitholders of 4.62%, underperforming its customised benchmark, which generated a return of 17.94%.

Energy Fund

In 2009, global oil demand declined for a second consecutive year, the first time since 1983. On February 12, 2009, WTI's futures price bottomed, closing at USD33.98 per barrel, a 24% decline from the 2008 closing price. Global oil demand bottomed out at 83.41 million barrels per day in the first quarter of 2009, resulting in production cuts by OPEC members in an attempt to stabilise crude prices in the face of a weak global economy. The weak commodity prices did however provide the Energy Fund with opportunities to acquire high quality assets at discounted prices. As the year progressed the rebound in global economic activity helped to significantly boost oil prices, as evidenced by the 9.4% increase of the Organisation for Economic Cooperation and Development (OECD) Total Composite Leading Indicator Index from its February low to December 2009. The WTI futures price closed the year at USD79.36, a 78% increase over 2008.

Based on the increase in commodity prices over the later part of the year the Energy Fund was able to outperform its customised benchmark for the period. The Fund posted returns to unitholders of 22.80% at the close of 2009 compared to -24.59% in 2008.

MERCHANT BANKING UNIT

The Merchant Banking Unit generated a profit of TTD30 million in 2009 due to continued returns from the strong portfolio built in 2008 albeit in a volatile financial environment. The Bank's strategy of building a heavily secured portfolio and maintaining close oversight on projects it financed allowed the Unit to weather the effects of the international slowdown in the growth bond markets in 2009 and has positioned the Merchant Banking Unit to continue to contribute to the profits of the Corporation. As markets rebound, it is anticipated that the existing portfolio of the Merchant Banking Unit will continue to offer returns to the Corporation.

In order to adjust to changing market conditions in 2010, the Merchant Banking Unit will focus more heavily on distribution which is in line with the Corporation's strategic objectives.

TREASURY UNIT

In 2009, the Treasury Unit generated a profit of TTD50 million while facing historically low interest rates and asset yields. Foreign exchange demand from the UTC Bureau de Change increased in 2009 and corporate investors continued to turn to the Treasury for capital investment.

The Treasury Unit will enhance its focus on improving its asset and liability management systems in 2010.

TRUST SERVICES

The Trust Services Department acts as Administrator for the Corporation's Funds, Trustee for resources held on behalf of external customers and also provides Registrar and Paying Agent services for capital market issues. Additionally, it is engaged in the provision of custodial services for the Corporation's funds which stood at TTD18.45 billion at the end of December 2009. For the provision of these services, the Department earned TTD3.74 million which excludes its services as Administrator for the Corporation's Funds.

During the year, we expanded the provision of our Trustee services to include a major institutional investor and took steps to commence Trustee services to a private client. Further, the administration and financial reporting for the UTC Pension Plan was transferred to the Department. During 2010, it is the Department's expectation to migrate the Pension Plan to a more automated, secured and reliable system, set up a Trust Services Unitholder Register, take steps towards the implementation of forward pricing and establish a comprehensive Business Continuity Plan for the Department.

Executive Director's Report (continued)

ELECTRONIC SERVICES UNIT

In 2009, UTC continued to improve our electronic customer service delivery channels to meet the needs of our customers around the globe. As a result of these improvements, customers increased their usage of these channels leading to the Electronic Services Unit registering a revenue of TTD9.04 million for 2009, an increase of 19% over the 2008 revenue of 7.6 million.

Our online investment portal, UTC U-Online, was upgraded to provide several new customer-friendly capabilities such as the ability to open new accounts and do transfers from bank accounts and offers additional security features such as text message alerts to confirm online transactions. At year end 2009, UTC U-Online had approximately 50,000 registered customers in 130 countries across the world.

The Corporation also revamped its website, **www.ttutc.com,** to introduce increased functionality including; live text support (via online chat), graphical representations of fund performance and the ability to access news feeds and podcasts. This was done in tandem with feedback received from our social media channels, Facebook and Twitter, where customers were allowed to comment and preview the look, feel and features of the new website and provide feedback that was incorporated into the final website. This type of social media supported interaction was a first for the local financial sector.

Our Card Services business was the main revenue generator for the Electronic Services Unit. In 2009 over 28,000 new cards were issued to unitholders allowing for 24/7 access to funds invested in the TT Dollar and US Dollar Income Funds. Cardholders also benefited from the introduction of Touch Screen ATMs at our Port of Spain and Chaguanas customer service centres allowing for faster transactions using technology, heretofore not available to customers in the local market.

Customers choosing to contact the UTC by telephone would also have experienced an improvement in service due to an upgrade of our systems to allow for 98% of calls received to be answered within three rings with an average wait time of 10 seconds. The marketing efforts of the Call Centre team also produced over 4,000 new accounts/products and received over 13,000 referrals resulting in well over TTD150 million in new deposits.

As we continue to improve our delivery of service, customers can look forward to an automated telephone service to obtain balances and other information, increased ATM presence and continued upgrades of our existing products and services in 2010.

CUSTOMER SERVICE CENTRES

In 2009 the Customer Service Network continued its efforts towards excellence in our service delivery. This included Customer Service and Mystery Shopper Surveys with the prime objective of soliciting feedback from our customers and ensuring that our delivery is at the highest level.

The Customer Service Centre Managers, their Teams and the Business Development Officers ensured that we "moved closer" to our customers through our "one on one" marketing approaches and the effective hosting of in excess of 70 Financial Planning Seminars. Each Centre also ensured that there was a strong involvement in their respective communities through positive community based initiatives. This, in turn, aided our marketing drive and contributed towards the continued increase in sales, a significant increase in the growth of accounts, an increase in the number and usage of Visa Debit Cards and a successful U-Online Registration Campaign.

Our focus of continuously reviewing our policies and procedures to further enhance our service delivery and overall level of efficiencies was also an area of paramount success in the Customer Service Centres.

BUSINESS OUTLOOK

We expect that the global economy will continue to improve, albeit slowly. Locally, it is anticipated that the Trinidad and Tobago economy will grow (approximately 2 to 3% in 2010) and interest rates will continue at current low rates. It is anticipated equity returns will start to become positive in 2010.

Regionally, those countries that slipped into a recession resulting from the decrease in inflows from tourism are expected to show minor gains as the world begins to show greater signs of recovery.

Our strategic theme for 2010 is MARKET SEGMENTATION. This means that we will focus on each individual risk profile and seek to create a customised diversified portfolio that meets individual needs. We will also seek to increase customer service delivery via lower costs through enhancement of our Internet service delivery channels, VISA Debit Cards and increased information accessibility via our social media customer contact channels. We also plan to expand our physical presence with the opening of an Agency in South Trinidad and two Customer Service Centres in West Trinidad.

APPRECIATION

In 2009, an independently contracted survey by Sacoda Serv saw members of the public acknowledging UTC's financial performance, customer service and strength and identifying UTC as the MOST ADMIRED financial services provider in Trinidad and Tobago. We are very appreciative of this feedback, especially given the challenging financial environment that defined 2009.

As our customer base grows, our staff, management and Board of Directors continue to work to deliver on UTC's vision of being the number one financial services provider in the region. Sincere appreciation goes out to all who have worked to help UTC execute this vision.

We thank our customers for confidently continuing to choose the UTC for our safety, strength and stability.

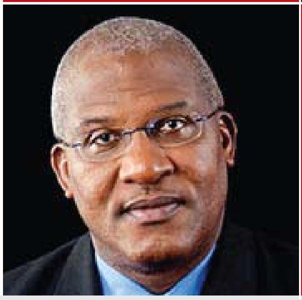
Marlon Holder
Executive Director

Marilyn Clarke-Andrews

Chief Financial Officer

Eutrice Carrington

Chief Executive Officer, Financial Services



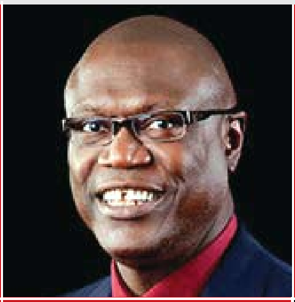
Ruben McSween

Vice President, Customer Service

Gayle Daniel-Worrell

Vice President, Marketing and International Business

Executive Management Team



David Thompson

Vice President, Trust Services

Gary Pierre

Vice President, Corporate Support Services

Amber Rondon

Vice President, Human Resources

Amoy Van Lowe

Chief Marketing Officer

Kelly Belmontes

Vice President, Merchant Banking

Richard Sheppard

Vice President, Electronic Services

Michelle Persad

Group Treasurer

Emily Chee Wah-Ramjohn

Chief Risk Officer

Corporate Social Responsibility

Community Investment: Corporate Social Responsibility Update

The Trinidad and Tobago Unit Trust Corporation (UTC) defines Corporate Social Responsibility as investing in the communities we are privileged to serve. In 2009 UTC's staff volunteered in over 70 community activities across Trinidad and Tobago as part of the UTC's Community Outreach Programme, which complements UTC's traditional Corporate Social Responsibility activities. Below are a few highlights from our 2009 Corporate Social Responsibility programme.

Making Dreams Come True with Habitat for Humanity

Safe shelter is one of the basic requirements for meaningful life. UTC staff once again partnered with Habitat for Humanity in 2009 on two projects. In addition to the sponsorship of the construction costs of one home, UTC's staff volunteered to dig the trenches, lay the foundation and help to paint the homes. "The lives of our staff have been forever changed by this work," said UTC Executive Director Marlon Holder, who volunteered at the Habitat site. "This type of investment has immeasurable returns for these families and we are proud to have helped bring their dreams to reality."

"This was a dream….Thank you very much to the Unit Trust Corporation…this is all a blessing,"

Recipient of one of the homes

Investing in Youth and Literacy Development

The UTC believes that investing in the development of youth is truly investing in the future. UTC's staff gave their time, expertise and emotional support to various youth initiatives in 2009 including helping to establish a home for misguided girls, hosting outdoor activities with children's homes across the country, volunteering with a literacy development programme, refurbishing a Homework Centre and even volunteering at counselling centres.

"Beyond these UTC community outreach programme initiatives, many staff members continue to support these children's homes and initiatives on their own, thereby adopting an even more personalised approach to community and youth development."

Gail Jordan-Jagassar, UTC Card Services

Corporate Social Responsibility (continued)

"It is so nice to help others, but it was great to know that we participated in the establishment of something remarkable and the creation of more positive experiences for young people."

Maria Forde, UTC volunteer

In addition to these initiatives, the UTC also continued its two signature youth development programmes: The Schools Investment Game (which gives secondary school children the opportunity to gain valuable exposure to investing in the stock market and in UTC's financial instruments) and the Secondary Entrance Assessment (SEA) Scholarship Programme, which provides scholarships to gifted but financially challenged secondary school entrants each year. 2009 is a landmark year for the SEA Scholarship Programme as two of the Programme's participants won National Open Scholarships (for tertiary education) and returned to the Corporation for additional recognition.

"It is really good for a financial institution to assist young people in this way. UTC assisted me financially and it was a good feeling to know you had people (at the UTC) who cared and supported you."

Rynessa Cutting, UTC SEA Scholarship graduate and National Open Scholarship Winner

A Natural Investment: Environmental Preservation

UTC staff participated in three major environmental projects in 2009: wetland preservation in Tobago, turtle habitat preservation in Matura and eco tourism development at the Asa Wright Nature Centre. As a result of the assistance of UTC's volunteers, more than 600 plastic bottles were removed from Tobago's wetlands, turtle nesting areas were restored and nature trails were cleared and protected from erosion.

"By taking these small steps we can assist the communities we serve in making a difference in the environmental movement."

Danielle A. Jones, UTC Assistant Vice President, Group Corporate Communications

Leading the Movement Against HIV/AIDS

UTC continues to support cultural activities and the promotion of healthy lifestyles. In 2009, UTC hosted the 15th annual UTC Ribbons of Hope 5K, Trinidad and Tobago's largest sporting event designed to raise awareness of HIV/AIDS. This year, local celebrities joined UTC staff to promote and participate in the event which drew more than 3,000 participants in Trinidad and Tobago.

"The Ribbons of Hope 5K is a way for people from across the country to join the UTC staff in showing they are willing to lead the movement against HIV/AIDS."

Lisa Hitlal, UTC Sangre Grande

Corporate Social Responsibility (continued)

Investing in Culture

One of UTC's greatest traditions is investing in cultural activities. This year, the Corporation focused on youth related activities including the sponsorship of the Trinbago Unified Calypsonians Organisation's National Junior Calypso Monarch Finals, sponsorship of prizes in Junior Carnival celebrations, the hosting of our annual Chaguanas community Divali Celebration and Divali Art Competition, sponsorship of the Tobago Heritage Festival and many others.

"It is our pleasure to support the continued enhancement of our culture through supporting cultural activities that engage the creativity of our youth."

Amoy Van Lowe, UTC Chief Marketing Officer

Assisting the Needy and Elderly – Staff Initiatives

In addition to Corporation sponsored initiatives, 2009 saw many UTC teams embarking on personal initiatives to help the less fortunate and elderly including the continuation of the 2008 Baskets of Love programme for the needy and volunteering at senior citizens' homes outside of UTC's assigned hours.

"These activities offer an opportunity for consideration for others, reflection and greater appreciation for life."

Cheron Faustin, UTC Trust Services

UNIT TRUST
CORPORATION

FINANCIAL STATEMENTS 2009

Auditor General's Report

TO: THE BOARD OF DIRECTORS
TRINIDAD AND TOBAGO UNIT TRUST CORPORATION

REPORT OF THE AUDITOR GENERAL OF THE REPUBLIC OF TRINIDAD AND TOBAGO ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRINIDAD AND TOBAGO UNIT TRUST CORPORATION FOR THE YEAR ENDED 2009 DECEMBER 31.

1. The accompanying Consolidated Financial Statements of the Trinidad and Tobago Unit Trust Corporation for the year ended 2009 December 31 have been audited. The Statements as set out on pages 1 to 72 comprise:

   (i) a Consolidated Statement of Financial Position as at 2009 December 31, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Changes in Equity and a Consolidated Statement of Cash Flows for the year ended 2009 December 31 in respect of the Trinidad and Tobago Unit Trust Corporation;

   (ii) a Statement of Financial Position as at 2009 December 31, a Statement of Comprehensive Income and a Statement of Cash Flows for the year ended 2009 December 31 in respect of each of the following: the Growth and Income Fund (First Unit Scheme), the TT Dollar Income Fund, the Universal Retirement Fund and the US Dollar Income Fund respectively, and

   (iii) Notes to the Consolidated Financial Statements for the year ended 2009 December 31 numbered 1 to 37.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The management of the Trinidad and Tobago Unit Trust Corporation is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

3. The Auditor General's responsibility is to express an opinion on these Financial Statements in accordance with section 30 (4) of the Unit Trust Corporation of Trinidad and Tobago Act, Chapter 83:03 (the Act) based on the audit. The audit which was carried out in accordance with section 30 (1) of the said Act was conducted in accordance with generally accepted Auditing Standards. Those Standards require that ethical requirements be complied with and that the audit be planned and performed to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. It is my view that the audit evidence obtained is sufficient and appropriate to provide a basis for the comments made at paragraphs 6 and 7 of this Report.

AUDIT OF SUBSIDIARIES

5. The financial statements of the subsidiaries listed in Note 28 to the Consolidated Financial Statements which account for 1.92% of the consolidated total assets (2008 restated: 2.02%), 3.73% of the consolidated total liabilities (2008 restated: 3.61%) and 1.89% of the consolidated total comprehensive income (2008 restated: 1.42%), have been audited, where applicable, by auditors other than the Auditor General. My opinion insofar as it relates to consolidation of balances in respect of the subsidiaries, is based solely on copies of reports of the other auditors which were received and information provided by the Corporation.

OPINION

6. In my opinion the Consolidated Financial Statements as outlined at paragraph one above present fairly, in all material respects, the financial position of the Trinidad and Tobago Unit Trust Corporation as at 2009 December 31 and its financial performance and its cash flows for the year ended 2009 December 31 in accordance with International Financial Reporting Standards.

EMPHASIS OF MATTER
STATUTORY COMPLIANCE
Investment Limit

7.1 Without qualifying the above opinion, attention is drawn to section 13 (3) of the Act which states:

"In investing in securities the Board shall not invest more than ten per cent of the funds of any one unit scheme in the purchase of securities in any one company or other corporation, nor shall the investments of all Unit Schemes established by the Board include at any time more than ten per cent of the securities issued by any company or other corporation."

7.2 It was noted that at 2009 December 31, one investment exceeded 10% of the securities issued by an entity. Note 3 to the Consolidated Financial Statements is relevant.

2010 MARCH 31

REPUBLIC OF TRINIDAD AND TOBAGO
20100331
AUDITOR GENERAL

SHARMAN OTTLEY
AUDITOR GENERAL

Trinidad and Tobago Unit Trust Corporation

Consolidated Statement of Financial Position

As at December 31, 2009

	Notes	2009 $'000	Restated 2008 $'000
ASSETS			
Investment Funds	3	**18,449,327**	15,574,492
Cash and Cash Equivalents		**311,998**	408,957
Receivables		**197,639**	162,525
Prepayments and Other Assets		**17,951**	7,813
Investment Securities	4	**3,476,414**	3,635,693
Property, plant and equipment	5	**190,246**	188,448
Intangible assets	6	**25,737**	17,334
TOTAL ASSETS		**22,669,312**	19,995,262
LIABILITIES			
CURRENT			
Accounts Payable and Short Term Liabilities		**54,773**	42,723
Other Liabilities		**36,802**	46,433
Short-term Financial Instruments	7(a)	**2,873,962**	3,121,035
Current Portion of Finance Lease	8	**3,289**	2,983
TOTAL CURRENT LIABILITIES		**2,968,826**	3,213,174
LONG TERM			
Long-term Financial Instruments	7(b)	**286,117**	270,793
Deferred income tax liability	32	**1,399**	–
Finance Lease	8	**49,758**	53,047
TOTAL LIABILITIES		**3,306,100**	3,537,014
CAPITAL AND RESERVES			
Initial Capital	9	**4,766**	4,766
Unit Capital	10	**18,444,561**	15,569,726
		18,449,327	15,574,492
Fund Reserves	11	**66,478**	84,462
Statutory Reserves	12	**5,050**	5,050
Revaluation Reserves	13	**24,707**	(10,413)
Retained Income		**725,533**	701,421
		821,768	780,520
Minority Interest		**92,117**	103,236
TOTAL LIABILITIES, CAPITAL AND RESERVES		**22,669,312**	19,995,262

Chairman

Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2009

	Notes	2009 $'000	Restated 2008 $'000
INCOME			
Investment Income -			
Growth & Income Fund		**210,564**	457,127
TT$ Income Fund		**528,443**	577,758
Universal Retirement Fund		**12,820**	14,373
US$ Income Fund		**196,244**	234,233
Net Investment Income - Group Operations	15	**184,780**	134,544
Initial Charge		**7,033**	11,455
Other Income		**12,970**	5,529
Rental Income		**4,257**	3,667
Total Income		**1,157,111**	1,438,686
EXPENSES			
Commissions		**13,629**	11,849
Impairment	17	**193,319**	1,302
Administrative	18	**230,710**	195,107
Depreciation and amortisation	5&6	**18,688**	17,170
Total Expenses		**456,346**	225,428
Net Income before Finance Charges		**700,765**	1,213,258
Finance Charges	20	**(9,786)**	(10,441)
Net Income after Finance Charges		**690,979**	1,202,817
Undistributed Income at beginning of year		**33,143**	21,736
Distributions	21	**(700,132)**	(1,029,039)
Transfer from Investment Funds to Reserves	11	**(6,286)**	(26,293)
Income Capitalised		**(9,594)**	(11,149)
Undistributed Income at end of year		**82,768**	(33,143)
Net Income before Taxation		**90,878**	124,929
Taxation	31	**(1,990)**	(382)
Net Income after taxation		**88,888**	**124,547**
Other Comprehensive Income:			
Available for sale financial assets		**55,198**	(11,712)
Exchange differences on translating foreign operations		**(20,078)**	4,148
Other Comprehensive Income for the year		**35,120**	(7,564)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**124,008**	116,983
Net Income after taxation attributable to:			
Owners of the parent		**87,366**	125,953
Minority Interest		**1,522**	(1,406)
		88,888	124,547
Total Comprehensive Income attributable to:			
Owners of the parent		**116,709**	122,032
Minority Interest		**7,299**	(5,049)
		124,008	116,983

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Consolidated Statement of Changes in Equity

For the year ended December 31, 2009

	Fund Reserves $'000	Statutory Reserves $'000	Revaluation Reserve $'000	Retained Income $'000	Total $'000
Balance as at January 1, 2009 (restated)	**84,462**	**5,050**	**(10,413)**	**701,421**	**780,520**
Total Comprehensive Income for the year	–	–	35,120	87,366	**122,486**
Transfers (to)/from Investment Funds	1,279	–	–	–	**1,279**
Transfers from Retained Income	63,254	–	–	(63,254)	–
Guarantee reserves payments	(84,254)	–	–	–	**(84,254)**
Interest on Reserve Assets	1,737	–	–	–	**1,737**
Balance as at December 31, 2009	**66,478**	**5,050**	**24,707**	**725,533**	**821,768**
Balance as at January 1, 2008	**69,981**	**5,050**	**(2,849)**	**634,742**	**706,924**
Total Comprehensive Income for the year	–	–	(7,564)	125,953	**118,389**
Transfers from Investment Funds	26,293	–	–	–	**26,293**
Transfers from Retained Income	59,274	–	–	(59,274)	–
Guarantee reserves payments	(72,778)	–	–	–	**(72,778)**
Interest on Reserve Assets	1,692	–	–	–	**1,692**
Balance as at December 31, 2008 (restated)	**84,462**	**5,050**	**(10,413)**	**701,421**	**780,520**

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Consolidated Statement of Cash Flows

For the year ended December 31, 2009

	2009 $ '000	Restated 2008 $ '000
OPERATING ACTIVITIES		
Net Income before taxation	**90,878**	124,929
Adjustment to reconcile net income to net cash and cash equivalents from operating activities:		
Depreciation Expense	**18,688**	17,170
Impairment	**80,678**	1,302
Loss on sale of property, plant and equipment	**77**	152
Increase in Receivables	**(35,114)**	(54,560)
(Increase)/Decrease in Prepayments and Other Assets	**(10,138)**	5,247
Increase in Accounts Payable and Liabilities	**2,419**	27,694
Taxation paid	**(591)**	(382)
Net Cash Inflow from Operating Activities	**146,897**	121,552
INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	**(16,364)**	(17,476)
Proceeds from Disposal of Property, Plant and Equipment	**25**	306
Purchase of Intangible Assets	**(12,627)**	(10,097)
Purchase of Investment Securities	**(2,681,404)**	(2,572,134)
Proceeds from Disposal of Investments	**2,782,486**	1,103,814
Net Cash Inflow/(Outflow) from Investing Activities	**72,116**	(1,495,587)
FINANCING ACTIVITIES		
Finance Lease Repayments	**(2,983)**	(2,706)
(Decrease)/Increase in Short Term Financial Instruments	**(247,073)**	1,631,618
Increase in Long Term Financial Instruments	**15,324**	13,397
Allocation to Reserves (net)	**3,015**	27,985
Guarantee reserve payments	**(84,254)**	(72,778)
Net Cash (Outflow)/Inflow from Financing Activities	**(315,971)**	1,597,516
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(96,958)**	223,481
Cash and Cash Equivalents at beginning of year	**408,956**	185,475
Cash and Cash Equivalents at end of year	**311,998**	408,956

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Growth and Income Fund (First Unit Scheme)
Statement of Financial Position

As at December 31, 2009

	Notes	2009 $ '000	2008 $ '000
ASSETS			
Investment Securities	24	**2,849,155**	3,333,322
Cash and Cash Equivalents		**246,486**	405,908
Income Receivable		**24,022**	42,488
Other Receivables		**3,039**	4,035
Total Assets		**3,122,702**	3,785,752
LIABILITIES			
Distribution Payable		**35,482**	203,985
Amount Due to Corporation		**32,960**	58,247
Other Liabilities		**13,207**	22,064
		81,649	284,296
RESERVES			
Undistributed (Loss)/Income		**(82,768)**	33,143
Total Liabilities and Reserves		**(1,119)**	317,439
NET ASSETS		**3,123,821**	3,468,313
CAPITAL ACCOUNT		**2,562,002**	2,793,363
UNREALISED CAPITAL APPRECIATION		**561,819**	674,950
		3,123,821	3,468,313

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Growth and Income Fund (First Unit Scheme)
Statement of Comprehensive Income
For the year ended December 31, 2009

	Notes	2009 $ '000	2008 $ '000
INVESTMENT INCOME			
Dividends		**62,509**	64,333
Interest		**78,349**	116,243
Realised Capital Gains		**69,707**	276,550
Total Investment Income		**210,565**	457,126
EXPENSES			
Management Charge	14	**67,649**	84,816
Impairment	17	**105,249**	–
Other Expenses		**68**	158
Total Expenses		**172,966**	84,974
NET INVESTMENT INCOME		**37,599**	372,152
UNDISTRIBUTED INCOME AT BEGINNING OF YEAR		**33,143**	20,685
		70,742	392,837
DISTRIBUTION EXPENSE:			
Distribution Paid to Initial Contributors $0.60c per unit (2008 - 1.30c per unit)		**572**	1,239
Distribution Paid to Unitholders $0.60c per unit (2008 - 1.30c per unit)		**151,938**	337,455
Total Distribution	21	**152,510**	338,694
UNDISTRIBUTED (LOSS) / INCOME BEFORE RESERVES		**(81,768)**	54,143
Allocation to Guarantee Reserve Fund	11(a)	**1,000**	21,000
UNDISTRIBUTED (LOSS) / INCOME AT END OF YEAR		**(82,768)**	33,143

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Growth and Income Fund (First Unit Scheme)
Statement of Cash Flows

For the year ended December 31, 2009

	2009 $ '000	2008 $ '000
Cash Flows from Operating Activities		
Net Income before distribution	**36,599**	351,152
Adjustments for:		
Impairment	**105,249**	–
Exchange Rate (Gains)/Loss	**(1,504)**	2,063
Realised Exchange (Gains)/Loss	**(726)**	199
Realised Capital Gains	**(67,476)**	(278,812)
	72,142	74,602
Decrease in receivables	**19,462**	64,703
(Decrease)/Increase in payables	**(202,647)**	131,471
(Cash Used in)/Generated From Operating Activities	**(111,043)**	270,776
Cash Flows From Investing Activities		
Purchase of Investment Securities	**(817,291)**	(1,246,538)
Disposal of Investment Securities	**1,152,783**	2,132,249
Net Cash Flows Generated From Investing Activities	**335,492**	885,711
Cash Flows From Financing Activities		
Subscriptions	**400,424**	190,543
Redemptions	**(631,785)**	(809,620)
Distributions	**(152,510)**	(338,694)
Net Cash Flows Used In Financing Activities	**(383,871)**	(957,771)
Net (Decrease)/Increase in Cash and Cash Equivalents	**(159,422)**	198,716
Cash and Cash Equivalents at beginning of year	**405,908**	207,192
Cash and Cash Equivalents at end of year	**246,486**	405,908

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

TT Dollar Income Fund
Statement of Financial Position

As at December 31, 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Investment Securities	25	**8,104,771**	7,602,081
Cash and Cash Equivalents		**2,083,009**	221,288
Income Receivable		**101,464**	107,003
Other Receivables		**480,538**	491,823
Total Assets		**10,769,782**	8,422,195
LIABILITIES			
Accruals for Distribution	21(b)	**22,204**	53,340
Amount Due to Corporation		**16,791**	10,908
Other Liabilities		**375,053**	375,727
		414,048	439,975
Reserves		**9,918**	9,900
Total Liabilities and Reserves		**423,966**	449,875
NET ASSETS		**10,345,816**	7,972,320
CAPITAL ACCOUNT		**10,352,183**	8,081,121
UNREALISED CAPITAL DEPRECIATION		**(6,367)**	(108,801)
		10,345,816	7,972,320

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

TT Dollar Income Fund

Statement of Comprehensive Income

For the year ended December 31, 2009

	Notes	2009 $'000	2008 $'000
INVESTMENT INCOME			
Interest Income		**528,443**	577,757
Total Investment Income		**528,443**	577,757
EXPENSES			
Commissions		**11,129**	9,102
Management Charge	14	**125,610**	81,251
Impairment	17	**789**	—
Other Expenses		**693**	1,363
Total Expenses		**138,221**	91,716
NET INVESTMENT INCOME		**390,222**	486,041
Distribution Expense	21	**365,218**	429,901
Accruals for Distribution	21(b)	**22,204**	53,340
Allocation to Reserve	11(b)	**2,800**	2,800
UNDISTRIBUTED INCOME AT END OF THE YEAR		**—**	—

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

TT Dollar Income Fund
Statement of Cash Flows

For the year ended December 31, 2009

	2009 $'000	2008 $'000
Cash Flows from Operating Activities		
Net Income before distribution	**387,422**	483,241
Adjustments for:		
Impairment	**789**	—
	388,211	483,241
Decrease/(Increase) in receivables	**19,119**	(269,487)
(Decrease)/Increase in payables	**(28,204)**	179,298
Cash Generated From Operating Activities	**379,126**	393,052
Cash Flows From Investing Activities		
Purchase of Investment Securities	**(8,183,841)**	(7,466,793)
Disposal of Investment Securities	**7,782,796**	6,541,915
Net Cash Flows Used In Investing Activities	**(401,045)**	(924,878)
Cash Flows From Financing Activities		
Subscriptions	**3,729,345**	1,912,264
Redemptions	**(1,458,284)**	(1,047,376)
Distributions	**(387,422)**	(483,241)
Net Cash Flows Generated From Financing Activities	**1,883,639**	381,647
Net Increase/(Decrease) in Cash and Cash Equivalents	**1,861,720**	(150,179)
Cash and Cash Equivalents at beginning of year	**221,288**	371,467
Cash and Cash Equivalents at end of year	**2,083,008**	221,288

The accompanying notes form an integral part of these consolidated financial statements.

Universal Retirement Fund
Statement of Financial Position
As at December 31, 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Investment Securities	26	**135,905**	133,920
Cash and Cash Equivalents		**12,162**	4,928
Income Receivable		**1,156**	1,219
Other Receivables		**37**	13
Total Assets		**149,260**	140,080
LIABILITIES			
Amount Due to Corporation		**—**	1,409
Other Payables		**2**	2
NET ASSETS OF THE FUND		**149,258**	138,669
CAPITAL ACCOUNT		**137,034**	119,368
UNREALISED CAPITAL APPRECIATION		**12,224**	19,301
		149,258	138,669

The accompanying notes form an integral part of these consolidated financial statements.

Universal Retirement Fund
Statement of Comprehensive Income
For the year ended December 31, 2009

	Notes	2009 $'000	2008 $'000
INVESTMENT INCOME			
Dividends		**2,140**	1,977
Interest		**5,623**	6,585
Realised Capital Gains		**3,219**	5,791
Miscellaneous Income		**1,838**	20
Total Investment Income		**12,820**	14,373
EXPENSES			
Management Charge	14	**1,415**	3,218
Impairment	17	**1,808**	—
Other Expenses		**2**	6
Total Expenses		**3,225**	3,224
NET INCOME FOR CAPITALISATION		**9,595**	11,149

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

Universal Retirement Fund
Statement of Cash Flows

For the year ended December 31, 2009

	2009 $'000	2008 $'000
Cash Flows from Operating Activities		
Net Income before distribution	**9,595**	11,149
Adjustments for:		
Impairment	**1,808**	-
Exchange Loss/(Gains)	**73**	(65)
Realised Exchange Gains	**(18)**	(25)
Realised Capital Gains	**(3,274)**	(5,701)
	8,184	5,358
Decrease in receivables	**39**	132
Decrease in payables	**(1,409)**	(154)
Cash Generated From Operating Activities	**6,814**	5,336
Cash Flows From Investing Activities		
Purchase of Investment Securities	**(29,284)**	(50,840)
Disposal of Investment Securities	**21,633**	54,958
Net Cash Flows (Used in)/Generated From Investing Activities	**(7,651)**	4,118
Cash Flows From Financing Activities		
Subscriptions	**17,352**	15,515
Redemptions	**(9,281)**	(30,433)
Net Cash Flows Generated From/(Used In) Financing Activities	**8,071**	(14,918)
Net Increase/(Decrease) in Cash and Cash Equivalents	**7,234**	(5,464)
Cash and Cash Equivalents at beginning of year	**4,928**	10,392
Cash and Cash Equivalents at end of year	**12,162**	4,928

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

US Dollar Income Fund
Statement of Financial Position

As at December 31, 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Investment Securities	27	**4,238,821**	3,608,159
Cash and Cash Equivalents		**494,027**	371,532
Income Receivables		**56,193**	69,630
Other Receivables		**183,234**	62,027
Total Assets		**4,972,275**	4,111,348
LIABILITIES			
Amount Due to Corporation		**17,698**	6,699
Distribution Payable		**28,209**	51,450
Other Liabilities		**95,798**	58,009
		141,705	116,158
RESERVES			
Reserves		**138**	—
Total Liabilities and Reserves		**141,843**	116,158
NET ASSETS		**4,830,432**	3,995,190
CAPITAL ACCOUNT		**4,929,786**	4,209,542
UNREALISED CAPITAL DEPRECIATION		**(99,354)**	(214,352)
		4,830,432	3,995,190

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

US Dollar Income Fund
Statement of Comprehensive Income

For the year ended December 31, 2009

	Notes	2009 $'000	2008 $'000
INVESTMENT INCOME			
Interest Income		**196,243**	234,233
Total Investment Income		**196,243**	234,233
EXPENSES			
Commissions		**1,000**	896
Management Charge	14	**27,507**	23,936
Impairment	17	**4,794**	—
Other Expenses		**255**	855
Total Expenses		**33,556**	25,687
NET INVESTMENT INCOME		**162,687**	208,546
Undistributed Income at start of year		**—**	1,050
Distribution Expense	21	**160,200**	207,103
Allocation to Reserve	11(c)	**2,487**	2,493
UNDISTRIBUTED INCOME AT END OF YEAR		**—**	—

The accompanying notes form an integral part of these consolidated financial statements.

Trinidad and Tobago Unit Trust Corporation

US Dollar Income Fund
Statement of Cash Flows

For the year ended December 31, 2009

	2009 $'000	2008 $'000
Cash Flows from Operating Activities		
Net Income before distribution	**160,200**	206,053
Adjustments for:		
Impairment	**4,794**	—
	164,994	206,053
(Increase)/Decrease in receivables	**(106,318)**	29,601
Increase/(Decrease) in payables	**24,191**	(23,856)
Cash Generated From Operating Activities	**82,867**	211,798
Cash Flows From Investing Activities		
Purchase of Investment Securities	**(2,288,947)**	(3,023,094)
Disposal of Investment Securities	**1,757,940**	3,425,000
Net Cash Flows (Used In)/Generated From Investing Activities	**(531,007)**	401,906
Cash Flows From Financing Activities		
Subscriptions	**1,904,877**	2,813,952
Redemptions	**(1,173,017)**	(2,960,044)
Distributions	**(160,200)**	(207,103)
Net Cash Flows Generated From/(Used In) Financing Activities	**571,660**	(353,195)
Net Increase in Cash and Cash Equivalents	**123,520**	260,509
Cash and Cash Equivalents at beginning of year	**371,532**	111,379
Translation Adjustment	**(1,025)**	(356)
Cash and Cash Equivalents at end of year	**494,027**	371,532

The accompanying notes form an integral part of these consolidated financial statements.

1) INCORPORATION AND PRINCIPAL ACTIVITIES

The Trinidad & Tobago Unit Trust Corporation was established by the Unit Trust Corporation of Trinidad and Tobago Act ("the Act"), Chapter 83:03 of the Laws of the Republic of Trinidad and Tobago, generally to provide facilities for participation by members of the public in investing in shares and securities approved by the Board. The Finance Act of 1997 permitted expansion of the Corporation's scope of activities to include other financial services, such as merchant banking, trustee services and card services.

The Corporation's principal office is located at the UTC Financial Centre, 82 Independence Square, Port of Spain.

In addition to the Trinidad & Tobago Unit Trust Corporation, there are nine (9) subsidiary companies which comprise the Group.

2) SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Unit Trust Corporation of Trinidad and Tobago Act, under the historical cost convention, except as modified in respect of security valuation (see (d) below). The accounting policies in all material respects conform to International Financial Reporting Standards (IFRS).

Certain new standards, amendments to published standards and interpretations came into effect during the current financial year. The Group has adopted the following new and amended International Financial Reporting Standards, which are relevant to its operations:

- IFRS 7 (amendment) – Financial Instruments – Disclosures – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement, specifically in relation to disclosures of inputs used in valuation techniques and the uncertainty associated with such valuations and disclosures on liquidity risk to address current diversity in practice. This amendment only impacts disclosure and has no impact on the net income of the Group.

- IFRS 8 (new) – Operating segments – effective January 1, 2009. This standard supersedes IAS 14 (Segment Reporting) and sets out requirements for disclosure of information about the Group's operating segments. This new requirement only impacts disclosure and has no impact on the net income of the Group.

- IAS 1 (revised) – Presentation of Financial Statements – effective January 1, 2009. This revised standard requires the presentation of all non-owner changes in equity in one or two statements: either a single statement of comprehensive income or in an income statement and a statement of total comprehensive income. The Group has chosen a single statement of comprehensive income. This change only affects presentation and has no impact on the net income of the Group.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of Preparation (continued)

- IAS 23 (revised) – Borrowing Costs – effective January 1, 2009. This revision prohibits the immediate expensing of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This revision does not impact the net income of the Group since the Group has always capitalised borrowing costs directly attributable to the construction of a qualifying asset as part of the cost of that asset.

The Group has not early adopted the following new and amended standards and Interpretations which are not yet effective:

- IAS 27 (revised) – Consolidated and separate financial statements – for accounting periods beginning on or after July 1, 2009. This amendment requires the effect of all transactions with minority interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. It also specifies the accounting treatment when control is lost, requiring that any remaining interest in the equity be re-measured to fair value, and a gain or loss be recognised in the statement of comprehensive income.

- IAS 24 (revised) – Related Party Disclosures – effective January 1, 2011. This revised standard amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.

- IFRS 9 (new) – Financial Instruments – effective January 1, 2013. This new standard is part of a wider project to replace IAS 39. It establishes two primary measurement categories for financial assets: amortised cost and fair value.

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries drawn up as at December 31, 2009 and include all the assets and liabilities and results of operations of the Group. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interest represents the portion of the profit and net assets not owned directly or indirectly by the Corporation and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent's shareholding interest.

All material inter-company transactions and accounts have been eliminated in preparing the consolidated financial statements. Accounting policies of the subsidiaries are consistent with the policies of the Group.

c) Investment securities

The Group classifies its financial assets in the following categories: available-for-sale, held-to-maturity and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investment securities (continued)

Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in exchange rates, are classified as available-for-sale. Available-for-sale investments are carried at fair value.

Investment securities with fixed maturities that management has the intent and ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are carried at amortised cost, less any adjustment necessary for impairment.

Investment securities with fixed and determinable payments, but not quoted in an active market are classified as loans and receivables. Loans and receivables are carried at amortised cost, less any adjustment necessary for impairment.

Purchases and sales of equity investments are recognised at the trade date. Purchases and sales of all other security investments are recognised on the settlement date. Gains and losses from changes in fair value on investments classified as available-for-sale are recognised in equity. When the financial assets are disposed of or are impaired, the related fair value adjustments are included in the statement of comprehensive income.

d) Security Valuation

The fair value of publicly traded securities is determined by reference to the prevailing closing market prices at the end of the reporting period.

The carrying amounts of financial assets and liabilities with a maturity of less than three months are assumed to approximate their nominal amounts.

The fair value of unquoted securities is determined using the last traded price, which is provided by the issuer.

e) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the future cash flows of the financial asset or group of financial assets that can be reasonably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for the financial asset because of financial difficulties; or

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment of financial assets (continued)

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the portfolio, including:
   i) adverse changes in the payment status of borrowers in the portfolio; and
   ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria used for assets carried at amortised cost. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the separate consolidated statement of comprehensive income on equity investments are not reversed through the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

f) Repurchase and Reverse Repurchase Agreements

A repurchase agreement is the sale of securities for cash with a simultaneous agreement to repurchase them at a fixed price on a contracted date. An interest rate is negotiated for the term of the agreement. A reverse repurchase agreement is the corollary of this and is the purchase of the securities for cash with a simultaneous agreement to re-sell them at a fixed price on a contracted date and at an agreed rate of interest.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Repurchase and Reverse Repurchase Agreements (continued)

A repurchase agreement may be construed as a borrowing and in the normal course of business, the Corporation does not enter into repurchase agreements. However, as part of its short-term investment activity, it does enter into reverse repurchase agreements. Deterioration in the value of the securities bought under reverse repurchase agreements is materially covered through margin calls comprising cash and/or additional securities.

g) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs for repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Where the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, this carrying amount is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amounts and are recognised within Other Income in the consolidated statement of comprehensive income.

Freehold land is not depreciated. Leasehold land is capitalised and amortised over the term of the lease.

Depreciation on other assets, except for motor vehicles, is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives as follows:

Property, plant and equipment category:	Estimated useful life:
Building	50 years
Office Improvements	7-15 years
Computer Equipment	2-8 years
Office Equipment	3-13 years
Furniture & Fixtures	3-10 years

Motor vehicles are depreciated using a rate of 25% per annum on the reducing balance.

The property, plant and equipment of the subsidiary, Unit Trust Corporation (Belize) Limited (formerly Belize Unit Trust Corporation Limited), are depreciated on a reducing balance basis, at the rates estimated to write off the value of the assets over their useful lives. Rates used are:

Computer Equipment	20% per annum
Office Equipment	20% per annum
Furniture	10% per annum
Motor Vehicles	25% per annum

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible Assets

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (five to ten years). Costs associated with maintaining computer software are recognised as an expense as incurred.

i) Impairment of Non-Financial Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

j) Foreign Currency Translation

The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Corporation's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. All resulting exchange differences are recognised in equity.

k) Leases

Assets held under finance leases are capitalised as property, plant and equipment and duly depreciated. The liability net of finance charges is shown on the statement of financial position and the interest element is charged to the statement of comprehensive income over the term of the lease.

l) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term investments with original maturities of 90 days or less and bank overdrafts.

m) Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Revenue Recognition

Income comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Income is shown net of value-added tax, discounts and after eliminating services within the Group.

Interest income is recognised in the statement of comprehensive income using the effective interest rate method. Dividend income is recognised when the right to receive payment is established. Realised investment gains and losses are recognised in the statement of comprehensive income.

o) Borrowings

Borrowings are recognised initially at fair value, and are subsequently stated at amortised cost. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised.

p) Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing similar products or services which are subject to risks and rewards that are different from those of other segments. The Group bases its segment reporting on business segments.

q) Separate Funds Under Management

The assets and liabilities pertaining to pension and other funds, which are managed in accordance with specific Investment Management Agreements, are not included in the balance sheet of the Corporation. The market value of these portfolios as at December 31, 2009 is $500 million (2008: $538 million).

r) Taxation

The Corporation is exempt from Corporation Tax, however, it is subject to the Green Fund Levy.

Income tax is payable on profits realised by the subsidiaries and is recognised as an expense in the period in which profits arise. Taxes are based on the applicable tax laws in each jurisdiction. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3) INVESTMENT FUNDS

The portfolio values of the locally based investment funds are as follows:

	2009 $'000	2008 $'000
Growth & Income Fund	**3,123,821**	3,468,313
TT$ Income Fund	**10,345,816**	7,972,320
Universal Retirement Fund	**149,258**	138,669
US$ Income Fund	**4,830,432**	3,995,190
Total	**18,449,327**	15,574,492

The Corporation has in its portfolio a bond that was considered sovereign debt. As a result, the Corporation's participation, which was in excess of 10% of the securities issued, was not considered to be in contravention of section 13 (3) of the Unit Trust Corporation of Trinidad and Tobago Act 1981. Subsequently, management recognised the facility was not a sovereign issue. The bond was restructured on December 30, 2009 and the Corporation participated in the restructured facility due in 2029. At restructuring, the Corporation's participation continued to be in excess of 10% of the securities in issue. It is management's expectation that the restructured facility will allow for a selling down of its participation to an amount within its statutory limit which was not previously possible.

4) INVESTMENT SECURITIES

	2009 $'000	2008 $'000
Held-to-maturity	**1,339,425**	801,170
Available-for-sale	**1,750,707**	2,810,803
Loans and receivables	**386,282**	23,720
Total	**3,476,414**	3,635,693

Investment securities represent short-term investments and equity securities held by the Corporation, including the holdings of the Merchant Bank Department in local and regional government and corporate securities that will mature up to twenty-one (21) years.

5) PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Building $'000	Office Improvement $'000	Motor Vehicles $'000	Office & Computer Equipment $'000	Office Furniture $'000	Total $'000
Year ended Dec 31, 2009							
Opening Net Book Value	16,227	121,078	21,532	3,025	18,963	7,623	**188,448**
Additions	—	—	5,331	2,528	7,707	798	**16,364**
Transfers in/out	—	—	(248)	—	(529)	398	**(379)**
Disposals	—	—	(15)	(75)	(5)	(7)	**(102)**
Depreciation/ Amortisation	(22)	(2,808)	(2,647)	(1,172)	(5,449)	(1,987)	**(14,085)**
Closing Net Book Value	**16,205**	**118,270**	**23,953**	**4,306**	**20,687**	**6,825**	**190,246**
As at Dec 31, 2009							
Cost	16,569	139,427	38,905	6,601	55,274	19,971	**276,747**
Accumulated Depreciation/ Amortisation	(364)	(21,157)	(14,952)	(2,295)	(34,587)	(13,146)	**(86,501)**
Net Book Value	**16,205**	**118,270**	**23,953**	**4,306**	**20,687**	**6,825**	**190,246**
Year ended Dec 31, 2008							
Opening Net Book Value	16,249	123,886	15,868	1,499	19,737	8,121	**185,360**
Additions	—	—	7,789	2,356	5,622	1,709	**17,476**
Disposals	—	—	(158)	(288)	(5)	(9)	**(460)**
Depreciation/ Amortisation	(22)	(2,808)	(1,967)	(542)	(6,391)	(2,198)	**(13,928)**
Closing Net Book Value	**16,227**	**121,078**	**21,532**	**3,025**	**18,963**	**7,623**	**188,448**
As at Dec 31, 2008							
Cost	16,569	139,427	33,840	4,348	48,107	18,830	**261,121**
Accumulated Depreciation/ Amortisation	(342)	(18,349)	(12,308)	(1,323)	(29,144)	(11,207)	**(72,673)**
Net Book Value	**16,227**	**121,078**	**21,532**	**3,025**	**18,963**	**7,623**	**188,448**

5) PROPERTY, PLANT AND EQUIPMENT (continued)

Land
Land includes leasehold land of $1.89 million and freehold land of $14.40 million.

a) Leasehold Land

This reflects the Corporation's interest in a ninety-nine (99)-year lease. On November 19, 1999 the Corporation entered into an arrangement with London Street Project Company Limited to transfer its interest for twenty (20) years to facilitate the construction of its Headquarters Building through a build, own, lease and transfer arrangement described in note 8 below.

b) Freehold Land

This reflects freehold land on which buildings have been constructed/renovated to facilitate the operations of the Parent company.

6) INTANGIBLE ASSETS

	2009 $'000	2008 $'000
Year ended Dec 31		
Opening Net Book Value	**17,334**	10,477
Additions	**12,627**	10,097
Transfers in	**379**	—
Disposals	**—**	—
Depreciation Charge	**(4,603)**	(3,240)
Closing Net Book Value	**25,737**	17,334
As at Dec 31		
Cost	**43,031**	30,026
Accumulated Depreciation	**(17,294)**	(12,692)
Net Book Value	**25,737**	17,334

7) FINANCIAL INSTRUMENTS

a) Short-term Financial Instruments

	2009 $'000	2008 $'000
Fixed term borrowing	**2,442,804**	2,934,876
Borrowing at notice	**—**	58,833
Repo borrowing	**431,158**	127,326
Total	**2,873,962**	3,121,035

These instruments are financial liabilities in the form of Investment Note Certificates and repurchase agreements falling due within one (1) year.

7) FINANCIAL INSTRUMENTS (continued)

b) Long-term Financial Instruments

	Interest Rate	Term	2009 $'000	2008 $'000
Guaranteed Investment Certificates	7.7%-12.6%	10-25 years	**248,393**	226,668
Long-term bond	8%	10 years	**24,797**	28,693
Long-term bond	8%	7.5 years	**6,442**	8,283
Long-term loan	8.15%	10 years	**6,485**	7,149
Total			**286,117**	270,793

The long term interest bearing bonds/loan represent debt raised by the subsidiary UTC Property Holdings Limited for financing the construction of its properties. There have been no new borrowing costs capitalised since 2006. As at December 31, 2009, $3.9 million in borrowing costs had been capitalised.

8) FINANCE LEASE

	2009 $'000	2008 $'000
Lease payments due:		
within 1 year	**3,289**	2,983
within 1 to 5 years	**22,246**	20,178
greater than 5 years	**27,512**	32,869
Total	**53,047**	56,030

The Corporation entered into a finance lease agreement with London Street Project Company Limited effective November 19, 1999 through a build, own, lease and transfer arrangement. This agreement is for a term of twenty (20) years, with purchase options at the end of the tenth and fifteenth years.

9) INITIAL CAPITAL

Initial Capital is capital subscribed by the Initial Capital Contributors to the Trinidad and Tobago Unit Trust Corporation in accordance with Section 17 of the Act and invested in the Growth and Income Fund. Initial Capital at the end of the reporting period was $4.77 million (2008: $4.77 million).

10) UNIT CAPITAL

Unit Capital represents the capital value of units issued by the four Investment Funds incorporated in Trinidad and Tobago and operated by the Corporation. In respect of the Growth and Income Fund (First Unit Scheme), this excludes the acquisition cost of the units issued in respect of Initial Capital.

	2009 $'000	2008 $'000
Growth and Income Fund	**3,119,055**	3,463,547
TT$ Income Fund	**10,345,816**	7,972,320
Universal Retirement Fund	**149,258**	138,669
US$ Income Fund	**4,830,432**	3,995,190
Total	**18,444,561**	15,569,726

11) FUND RESERVES

	2009 $'000	2008 $'000
Growth and Income Fund Guarantee Reserve	**—**	20,000
TT$ Income Fund	**26,037**	22,090
US$ Income Fund	**40,441**	42,372
Total	**66,478**	84,462

a) Growth and Income Fund Guarantee Reserve

In accordance with the provisions of Section 26 (1) and (2) of the Act, in 1984 the Corporation established a Guarantee Reserve Fund in respect of the Growth and Income Fund (First Unit Scheme) to ensure adequate funding of the Guarantee Pricing Plan. During 2009, calls in excess of $84 million were made on the Fund, of which the Corporation met $63 million through its Retained Income. The Corporation will continue to meet any shortfalls in the reserves through its Retained Income.

	2009 $'000	2008 $'000
Fund reserve as at January 1	**20,000**	12,504
Allocation to reserve (Growth and Income Fund)	**1,000**	21,000
Call on reserve	**(84,254)**	(72,778)
Allocation to reserve (Corporation)	**63,254**	59,274
Fund reserve as at December 31	**—**	20,000

11) FUND RESERVES (continued)

b) TT$ Income Fund Reserve

In accordance with the provisions of Section 13 of the TT$ Income Fund (Second Unit Scheme) regulations issued under the Act, in 1991 the Corporation established a reserve to satisfy any shortfall that may arise from the liquidation of securities in the portfolio of the Scheme.

	2009 $'000	2008 $'000
Fund reserve as at January 1	**22,090**	18,298
Allocation to reserve	**2,800**	2,800
Interest earned on reserve	**1,147**	992
Fund reserve as at December 31	**26,037**	22,090

c) US$ Income Fund Reserve

In accordance with the provisions of Section 26 (1) and (2) of the Act, in 2001 the Corporation established a special reserve fund in respect of the US$ Income Fund to provide for maintenance of the capital value of the Fund.

	2009 $'000	2008 $'000
Fund reserve as at January 1	**42,372**	39,179
Allocation to reserve	**2,487**	2,493
Call on reserve	**(5,007)**	—
Interest earned on reserve	**589**	700
Fund reserve as at December 31	**40,441**	42,372

12) STATUTORY RESERVES

In accordance with Section 59 (3)(d)(ii) of the Securities Industries Act By-Laws 1997, a reserve of $5 million was established to satisfy the capital requirements for registration as an Underwriter and $50,000 for registration as an Investment Adviser.

13) REVALUATION RESERVE

The revaluation reserve significantly reflects unrealised capital appreciation and depreciation from changes in the fair values of available-for-sale financial instruments held by the Group. Minor changes for foreign currency translations are also reflected therein. The revaluation of the investments held by the Investment Funds is reflected on the balance sheet of each of the Funds and is not included in this revaluation reserve.

14) MANAGEMENT CHARGE

	2009 $'000	2008 $'000
Growth and Income Fund	**67,649**	84,816
TT$ Income Fund	**125,610**	81,251
Universal Retirement Fund	**1,415**	3,218
US$ Income Fund	**27,507**	23,936
Total	**222,181**	193,221

a) The Corporation, in accordance with the regulations governing the Growth and Income Fund, the TT$ Income Fund, the Universal Retirement Fund and the US$ Income Fund may charge a management fee of up to 2% on the value of the funds under management in the respective schemes and funds. The average management fee charged for the year was 1.2% (2008: 1.3%).

b) In accordance with the regulations governing the Belize Money Market Fund, Unit Trust Corporation (Belize) Limited (formerly Belize UTC) may charge a management fee not exceeding 2% of the funds under management. The management fee charged for the year was 1.7%. No fees were charged in 2008.

In addition to this management charge, the Group earned additional management charge of $3.2 million from its foreign investment portfolios and other funds under management. This is carried in other income in the consolidated statement of comprehensive income.

15) NET INVESTMENT INCOME – GROUP OPERATIONS

Net Investment Income – Group Operations primarily reflects the contribution to revenue of Merchant Banking line of business and comprises the following:

	2009 $'000	2008 $'000
Interest and Other Fee Income	**326,734**	279,616
Interest Expense & Other Charges	**(141,954)**	(145,072)
Total	**184,780**	134,544

16) FOREIGN EXCHANGE GAINS/(LOSSES)

The exchange differences credited to the statement of comprehensive income are included in other income and are as follows:

	2009 $'000	2008 $'000
Foreign exchange gains	**4,370**	3,628

17) IMPAIRMENT OF INVESTMENT SECURITIES

The Group has recognised impairment of $193.3 million of which $80.7 million is within Investment Securities of the Corporation and its subsidiaries and $112.6 million is for the Investment Funds.

	2009 $'000	2008 $'000
Investment Securities	**3,557,092**	3,636,995
Impairment	**(80,678)**	(1,302)
	3,476,414	3,635,693

	2009 $'000	2008 $'000
Carrying value of impaired investments	**433,884**	—
Fair value of collateral held for impaired investments	**434,655**	—

This impairment represents securities past due and/or in receivership, for which there was a shortfall in the fair value of the collateral.

Total impairment of $112.6 million is recognised within the portfolio of investments for the investment funds.

	2009 $'000	2008 $'000
Investment Securities	**15,441,293**	14,677,484
Impairment	**(112,641)**	—
	15,328,652	14,677,484

	2009 $'000	2008 $'000
Carrying value of impaired investments	**33,751**	—
Fair value of collateral held for impaired investments	**33,751**	—

18) ADMINISTRATIVE EXPENSES

	2009 $'000	2008 $'000
Administrative expenses include:		
Staff costs (Note 19)	**117,860**	97,386
Audit Fees	**333**	455
Directors Fees	**2,301**	1,421

19) STAFF COSTS

	2009 $'000	2008 $'000
Salaries and benefits	**114,394**	94,446
National Insurance	**3,466**	2,940
Total	**117,860**	97,386
Number of employees	**554**	533

20) FINANCE CHARGES

	2009 $'000	2008 $'000
Long-term bonds (Note 7b)	**3,215**	3,717
Finance lease (Note 8)	**6,571**	6,724
Total	**9,786**	10,441

21) DISTRIBUTIONS

	2009 $'000	2008 $'000
Growth and Income Fund	**152,510**	338,694
TT$ Income Fund	**387,422**	483,242
US$ Income Fund	**160,200**	207,103
Total	**700,132**	1,029,039

a) Growth and Income Fund

The Corporation declared its fifty-third (53rd) and fifty-fourth (54th) distributions in June 2009 and December 2009 respectively. Included in the above totals are distributions to Initial Capital Contributors of $0.6 million in 2009 (2008: $1.2 million).

b) TT$ Income Fund

Distributions in the TT$ Income Fund are made quarterly in February, May, August and November. Income accrued as at December 31, 2009 for distribution in the quarter ending February 2010 amounted to $22.20 million (2008: $53.34 million).

c) US$ Income Fund

Distributions in the US$ Income Fund are paid by calendar quarters.

22) FINANCIAL RISK MANAGEMENT

The Group's Mutual Fund, Merchant Banking and Treasury lines of business expose it to a variety of financial risks, including security price risk, interest rate risk (fair value and cash flow), foreign exchange rate risk, credit risk, concentration risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors of the Trinidad and Tobago Unit Trust Corporation has overall responsibility for the management of the financial, operational and business risks faced by all business lines. It has established a Board Risk & Governance Committee whose role inter alia is to ensure that the overall risk profile of the Corporation is consistent with its strategic objectives. The Board Risk & Governance Committee meets on a monthly basis to consider the specific risk issues highlighted by the Asset/Liability Committee and the Operational Risk Committee, the internal committees comprising senior management personnel from several business units.

The Asset/Liability Committee utilises the collective experience and expertise of meeting participants to determine appropriate approaches for managing and mitigating the financial risks facing the Corporation. The Committee meets on a monthly basis to consider various risk reports tabled by the relevant management personnel. Similarly, the Operational Risk Committee provides a forum for key operating activities to be evaluated from a multi-faceted perspective in order to analyse past operational failures/losses with a view to mitigating recurrence. This Committee also meets on a monthly basis.

In addition, other Board Committees play key roles in the Corporation's overall risk management programme. The Investment Committee approves the investment policy statements for the various mutual funds which include various constraints on the investment portfolios; the Merchant Banking Committee approves underwriting limits for various credit relationships maintained by the Merchant Banking function; the Audit Committee has oversight for the key internal control systems affecting the Corporation's significant operating activities.

An independent risk management function led by the Chief Risk Officer submits relevant reports and recommendations to all the aforementioned Committees and participates in all the meetings. Its key responsibilities include risk management policy-setting, scenario and stress testing and risk exposure monitoring across all business and operating activities. The risk management function in consultation with relevant line management, may also make recommendations for the management and mitigation of financial and other risks.

The disclosures on risk management that follow focus on the operating activities of the Corporation's mutual fund products (the Growth & Income Fund, the TT$ Income Fund, the US$ Income Fund, the Universal Retirement Fund, the UTC Energy Fund, the UTC European Fund, the UTC Asia-Pacific Fund, the UTC Latin American Fund, the UTC Global Bond Fund and the UTC North American Fund) and the combined business lines of Merchant Banking and Treasury. All other subsidiaries and operating activities are not considered to have material financial risk exposures.

22) FINANCIAL RISK MANAGEMENT (continued)

Strategy in using financial instruments

Financial risks arise from the acquisition of various classes of financial instruments including equities and debt instruments (traded and non-traded). With regard to its Mutual Fund business, the Corporation's practice is to acquire financial assets that provide consistent risk-adjusted returns relative to specific investment objectives of the individual fund portfolios. In general, the investment activities of the Mutual Funds involve taking long positions in securities with a focus on medium term performance as opposed to short-term gains-taking. The Mutual Funds neither use leverage nor sell securities short and have no financial liabilities arising out of their investment activities. In respect of its combined Merchant Banking and Treasury lines of business, the Corporation's strategy is to earn intermediation income via the interest spread of its proprietary financial assets over its associated funding instruments while managing credit, market and liquidity risks.

Equity price risk

Mutual Funds – Registered as local Unit Trust schemes

The Mutual Funds may acquire equity instruments that are exposed to fluctuations in market value. These exposures create equity price risk for the fund portfolios and may contribute to substantial volatility of their net assets. This risk is managed via careful asset allocation and security selection within specified limits.

Key influences on the asset allocation decision include domestic as well as global economic and financial market trends. In the case of equity, the security selection decision is typically influenced by consideration of fundamental and technical valuation factors as well as by the instrument's historical price sensitivity to the market.

The equity price risk exposure of the fund portfolios is monitored and measured via categorisation of the stocks by their historical price sensitivity to the overall market. An historical price sensitivity below 90% is considered to be low whereas an historical sensitivity above 110% is considered to be high. An historical price sensitivity between 90% and 110% is regarded as comparable to the overall market.

The price sensitivity of the Fund portfolios' equity holdings is provided below:

	Lower than market $'000	Comparable to market $'000	Higher than market $'000
At December 31, 2009			
Growth & Income Fund	756,753	423,057	769,463
Universal Retirement Fund	26,734	13,259	29,097
At December 31, 2008			
Growth & Income Fund	881,620	736,838	367,688
Universal Retirement Fund	39,448	11,350	18,346

22) FINANCIAL RISK MANAGEMENT (continued)

Equity price risk (continued)

The following table presents the approximate sensitivity of the net assets of the Growth & Income Fund and the Universal Retirement Fund to a 1% change in the TTSE Composite Index and the S&P 500 Composite Index respectively as at December 31, 2009 and December 31, 2008 with all other variables held constant:

TTSE Composite Index	**December 31, 2009**	**December 31, 2008**
Growth & Income Fund	TT$15.47 million	TT$16.0 million
Universal Retirement Fund	TT$0.63 million	TT$0.60 million

S&P 500 Composite Index	**December 31, 2009**	**December 31, 2008**
Growth & Income Fund	TT$4.69 million	TT$3.12 million
Universal Retirement Fund	TT$0.05 million	TT$0.01 million

Neither the TT$ Income Fund nor the US$ Income Fund held equity positions over the reporting period.

Mutual Funds – Registered as overseas subsidiary companies

The equity price risk exposure of the fund portfolios in the overseas subsidiary companies is also monitored and measured via categorisation of the stocks by their historical price sensitivity to the overall market.

The price sensitivity of the Fund portfolios' equity holdings is provided below:

	Lower than market $'000	**Comparable to market $'000**	**Higher than market $'000**
At December 31, 2009			
UTC Energy Fund	2,146	4,455	6,361
UTC European Fund	1,295	462	1,203
UTC Asia-Pacific Fund	1,272	1,035	1,183
UTC Latin American Fund	191	698	1,744
UTC North American Fund	30,453	23,248	87,068
Total	**35,357**	**29,898**	**97,559**

	Lower than market $'000	**Comparable to market $'000**	**Higher than market $'000**
At December 31, 2008			
UTC Energy Fund	2,786	1,049	3,532
UTC European Fund	238	234	449
UTC Asia-Pacific Fund	100	63	302
UTC Latin American Fund	—	63	352
UTC North American Fund	—	—	—
Total	**3,124**	**1,409**	**4,635**

22) FINANCIAL RISK MANAGEMENT (continued)

Equity price risk (continued)

As at December 31, 2009 and December 31, 2008, using the S&P 500 Index, had US equity securities prices increased/decreased as a whole by 5% (with all other variables held constant), total equity would have increased/decreased as follows for the following Funds:

	2009 $'000	2008 $'000
UTC Energy Fund	714	359
UTC European Fund	148	79
UTC Asia-Pacific Fund	174	23
UTC Latin American Fund	132	20
UTC North American Fund	6,759	7,632

Merchant Bank & Treasury

Treasury's holdings of mutual fund shares issued by the above overseas subsidiaries create exposure to equity price risk. Such risk is assumed to be proportionate to Treasury's holdings relative to the net assets of the mutual funds. In addition, Treasury holds strategic positions in a number of unquoted equity positions that are regarded as uncorrelated with recognised stock exchanges. As a result, equity price risk is not considered material for these positions.

Interest rate risk

Mutual Funds – Registered as local Unit Trust securities

The Mutual Funds' holdings of listed and unlisted debt instruments are exposed to movements in market rates of interest. In general, rising interest rates expose the fund portfolios to deterioration in net assets arising out of lower carrying values for bonds (fair value interest rate risk). Conversely, falling interest rates can expose the fund portfolios to potential diminution in earnings on variable rate instruments (cash flow interest rate risk).

Given the general offsetting effect of exposures to fair value interest rate risk and cash flow interest rate risk, the overall interest rate risk is managed by making judicious adjustments of the overall weighted average term to maturity (i.e. duration) based on the relevant economic and financial market outlook.

Management monitors the duration of the fund portfolios by segregating the fixed income securities by the earlier of contractual maturity or interest rate reset dates that are less than or equal to one year, greater than one year but less than five years, and greater than or equal to five years. The degree of interest rate sensitivity in the overall portfolio is then reflected by the relative proportions in the given maturity terms/interest rate reset frequencies.

22) FINANCIAL RISK MANAGEMENT (continued)

An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Mutual Funds' fixed income portfolio as at December 31, 2009 and December 31, 2008:

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
At December 31, 2009				
Growth & Income Fund				
Debt instruments – traded	—	—	5,545	5,545
Debt instruments – non-traded	179,099	214,737	419,642	813,478
Cash & other net assets	274,665	—	—	274,665
	453,764	214,737	425,187	1,093,688
TT$ Income Fund				
Debt instruments – traded	—	—	278,227	278,227
Debt instruments – non-traded	5,035,433	816,756	1,974,355	7,826,544
Cash & other net assets	2,241,045	—	—	2,241,045
	7,276,478	816,756	2,252,582	10,345,816
Universal Retirement Fund				
Debt instruments – traded	—	—	—	—
Debt instruments – non-traded	9,363	28,293	28,762	66,418
Cash & other net assets	13,353	—	—	13,353
	22,716	28,293	28,762	79,771
US$ Income Fund				
Debt instruments – traded	31,343	344,560	446,906	822,809
Debt instruments – non-traded	3,030,512	297,713	87,787	3,416,012
Cash & other net assets	591,611	—	—	591,611
	3,653,466	642,273	534,693	4,830,432
Total	**11,406,424**	**1,702,059**	**3,241,224**	**16,349,707**

22) FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2008	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Growth & Income Fund				
Debt instruments – listed	—	—	9,384	9,384
Debt instruments – unlisted	794,838	163,309	482,245	1,440,392
Cash & other net assets	134,992	—	—	134,992
	929,830	163,309	491,629	1,584,768
TT$ Income Fund				
Debt instruments – listed	—	29,453	100,885	130,338
Debt instruments – unlisted	5,536,499	889,624	1,045,623	7,471,746
Cash & other net assets	370,236	—	—	370,236
	5,906,735	919,077	1,146,508	7,972,320
Universal Retirement Fund				
Debt instruments – listed	—	—	—	—
Debt instruments – unlisted	13,722	26,632	24,422	64,776
Cash & other net assets	4,749	—	—	4,749
	18,471	26,632	24,422	69,525
US$ Income Fund				
Debt instruments – listed	—	204,092	361,467	565,559
Debt instruments – unlisted	2,609,338	280,860	152,402	3,042,600
Cash & other net assets	387,031	—	—	387,031
	2,996,369	484,952	513,869	3,995,190
Total	**9,851,405**	**1,200,896**	**2,365,227**	**13,417,528**

As at December 31, 2009 the Mutual Funds' TT dollar denominated fixed income positions were almost exclusively categorised as held-to-maturity and, as a consequence, changes in TT dollar interest rates would not have materially affected the net assets of the fund portfolios given that this category of financial assets is always carried at amortised cost in accordance with International Accounting Standards.

On the other hand, a number of US dollar denominated fixed income positions held by the Mutual Funds are categorised as available-for-sale and, as such, changes in US dollar interest rates would affect the net assets of the fund portfolios given that this category of financial assets is always carried at fair value in accordance with International Accounting Standards.

22) FINANCIAL RISK MANAGEMENT (continued)

With all other variables held constant, sensitivity analysis performed for a 25 basis point increase and decrease in US interest rates as at December 31, 2009 and December 31, 2008 would have had the following estimated impact on the net assets of the individual fund portfolios:

25 basis point increase	December 31, 2009	December 31, 2008
Growth & Income Fund	(TT$0.10 million)	(TT$0.22 million)
TT$ Income Fund	(TT$3.46 million)	(TT$1.99 million)
US$ Income Fund	(TT$6.74 million)	(TT$4.56 million)

25 basis point decrease	December 31, 2009	December 31, 2008
Growth & Income Fund	TT$0.10 million	TT$0.23 million
TT$ Income Fund	TT$3.54 million	TT$2.04 million
US$ Income Fund	TT$6.86 million	TT$4.66 million

The Universal Retirement Fund had no material exposure to US interest rate movements as at December 31, 2009 or as at December 31, 2008.

Mutual Funds - Registered as overseas subsidiary companies

The Mutual Funds' US dollar denominated fixed income positions are exclusively categorised as available-for-sale and, as a consequence, changes in US dollar interest rates would have materially affected the net assets of the fund portfolios given that this category of financial assets is always carried at fair value in accordance with International Accounting Standards. An interest rate re-pricing analysis (as defined by the earlier of the contractual maturity or interest fixing date for each instrument) is provided below for the Mutual Funds' fixed income portfolio as at December 31, 2009 and December 31, 2008:

22) FINANCIAL RISK MANAGEMENT (continued)

As at December 31, 2009

	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Assets					
Investment securities					
UTC Energy Fund	2,799	137	7,533	14,178	24,647
UTC European Fund	342	—	538	2,943	3,823
UTC Asia-Pacific Fund	982	658	628	3,490	5,758
UTC Latin American Fund	1,349	—	260	2,611	4,220
UTC Global Bond Fund	3,661	584	2,002	1,316	7,563
Cayman SPC	**9,133**	**1,379**	**10,961**	**24,538**	**46,011**
UTC North American Fund	3,809	15,635	55,214	140,769	215,427
Interest income receivable					
UTC Energy Fund	195	—	—	—	195
UTC European Fund	15	—	—	—	15
UTC Asia-Pacific Fund	24	—	—	—	24
UTC Latin American Fund	20	—	—	—	20
UTC Global Bond Fund	38	—	—	—	38
Cayman SPC	**292**	**—**	**—**	**—**	**292**
Other receivables					
UTC Energy Fund	49	—	—	—	49
UTC Global Bond Fund	12	—	—	—	12
Cayman SPC	**61**	**—**	**—**	**—**	**61**
Cash					
UTC Energy Fund	6,058	—	—	—	6,058
UTC European Fund	2,623	—	—	—	2,623
UTC Asia-Pacific Fund	3,741	—	—	—	3,741
UTC Latin American Fund	2,555	—	—	—	2,555
UTC Global Bond Fund	2,368	—	—	—	2,368
Cayman SPC	**17,345**	**—**	**—**	**—**	**17,345**
Total Assets	**30,640**	**17,014**	**66,175**	**165,307**	**279,136**

22) FINANCIAL RISK MANAGEMENT (continued)

As at December 31, 2008

	Up to 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Non-Interest bearing $'000	Total $'000
Investment securities					
UTC Energy Fund	7,462	173	6,464	7,182	21,281
UTC European Fund	1,290	—	280	1,585	3,155
UTC Asia-Pacific Fund	1,912	482	—	465	2,859
UTC Latin American Fund	1,290	1,011	280	397	2,978
UTC Global Bond Fund	4,526	1,706	1,674	—	7,906
UTC Cayman SPC	**16,480**	**3,372**	**8,698**	**9,629**	**38,179**
UTC North American Fund	3,809	15,635	55,214	140,769	215,427
	20,289	**19,007**	**63,912**	**150,398**	**253,607**
Interest income receivable					
UTC Energy Fund	322	—	—	—	322
UTC European Fund	3	—	—	—	3
UTC Asia-Pacific Fund	8	—	—	—	8
UTC Latin American Fund	27	—	—	—	27
UTC Global Bond Fund	109	—	—	—	109
	469	**—**	**—**	**—**	**469**
Other receivables					
UTC Energy Fund	14	—	—	—	14
UTC Global Bond Fund	70	—	—	—	70
	84	**—**	**—**	**—**	**84**
Cash					
UTC Energy Fund	6,292	—	—	—	6,292
UTC European Fund	2,588	—	—	—	2,588
UTC Asia-Pacific Fund	6,580	—	—	—	6,580
UTC Latin American Fund	3,222	—	—	—	3,222
UTC Global Bond Fund	827	—	—	—	827
	19,509	**—**	**—**	**—**	**19,509**
Total Assets	**40,351**	**19,007**	**63,912**	**150,398**	**273,668**

22) FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis was conducted to determine the effect had US interest rates changed by 100 basis points. With all other variables held constant, net assets attributable to unitholders and equity would have decreased or increased as at December 31, 2009 and December 31, 2008 as follows:

	Net Assets Attributable To Unitholders		Equity			
	+/(-)100 basis points		+100 basis points		-100 basis points	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
UTC Energy Fund	25	51	(313)	(301)	333	249
UTC European Fund	3	—	(21)	(17)	23	4
UTC Asia-Pacific Fund	6	6	(56)	(7)	59	5
UTC Latin American Fund	7	—	(9)	(32)	9	17
UTC Global Bond Fund	15	20	(95)	(26)	101	64

The North American Fund would have experienced a $2.94 million drop in net assets if interest rates had increased by 100 basis points as at December 31, 2009 and $1.49 million for an identical increase in interest rates as at December 31, 2008.

Merchant Bank & Treasury

The Merchant Bank's & Treasury's interest bearing asset and liability positions are exposed to movements in market rates of interest. A positive rate re-pricing gap between interest bearing assets and liabilities exposes intermediation earnings to declines in market interest rates. Conversely, a negative rate re-pricing gap between interest bearing assets and liabilities exposes intermediation earnings to increases in market interest rates. In general, the combined activity of the units is geared towards controlling the rate re-pricing mismatch between assets and liabilities so as to maintain a stable, consistent spread over their cost of funds. This is achieved by maintaining a reasonably substantial variable rate asset portfolio, by active management of the maturity profile of funding instruments and by holding a minimum level of readily tradable assets.

22) FINANCIAL RISK MANAGEMENT (continued)

The combined interest rate re-pricing exposures of the Merchant Bank and Treasury assets and liabilities are provided below as at December 31, 2009 and December 31, 2008:

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Non-Interest Bearing $'000	Total $'000
At December 31, 2009					
Assets					
Cash & Cash Equivalents	311,998	—	—	—	311,998
Money Market Instruments	406,194	—	—	—	406,194
Fixed Income Securities	1,587,403	660,182	485,858	—	2,733,443
Equities	—	—	—	337,548	337,548
Liabilities					
Short Term Financial Instruments	(2,873,962)	—	—	—	(2,873,962)
Long Term Financial Instruments	—	(26,752)	(259,365)	—	(286,117)
Other Liabilities	(36,802)	—	—	—	(36,802)
Rate Re-pricing Gap	**(458,348)**	**562,958**	**266,500**	**221,192**	**592,302**

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Non-Interest Bearing $'000	Total $'000
At December 31, 2008					
Assets					
Cash & Cash Equivalents	389,394	—	—	—	389,394
Money Market Instruments	696,486	84,938	—	—	781,424
Fixed Income Securities	509,695	698,051	1,349,936	—	2,557,682
Equities	—	—	—	226,032	226,032
Liabilities					
Short Term Financial Instruments	(3,037,268)	(83,767)	—	—	(3,121,035)
Long Term Financial Instruments	(9,385)	(79,553)	(237,885)	—	(326,823)
Other Liabilities	(46,333)	—	—	—	(46,333)
Rate Re-pricing Position	**(1,497,411)**	**619,669**	**1,112,051**	**226,032**	**460,341**

Given the above rate re-pricing profile, a change in short-term market rates of interest of 25 basis points effective from December 31, 2009 would have modified net interest income over the coming twelve months by an estimated TT$0.57 million with all other variables held constant.

22) FINANCIAL RISK MANAGEMENT (continued)

Exchange rate risk

Mutual Funds - Registered as local unit trust schemes

The net assets of the fund portfolios may fluctuate due to changes in foreign exchange rates. This risk is currently limited to the Growth & Income Fund, the TT$ Income Fund and the Universal Retirement Fund as these TT dollar-denominated Funds may hold financial assets denominated in other currencies. The US$ Income Fund's investments are exclusively in US dollars. As a consequence, the net assets and/or earnings of the fund portfolios could increase or decrease in value due to exchange rate fluctuations of individual currencies relative to the TT dollar. This risk is managed by restricting non-TT dollar holdings in the individual Funds to an appropriate proportion of net assets. The primary foreign exchange exposure in the Investment Funds is to the US$/TT$ exchange rate given the negligible holdings of other currencies in the portfolios.

The fund portfolios' foreign currency holdings as at December 31 were as follows:

	At December 31, 2009		At December 31, 2008	
	US$ (Presented in TT$) $'000	OTHER (Presented in TT$) $'000	US$ (Presented in TT$) $'000	OTHER (Presented in TT$) $'000
Growth & Income Fund				
Equities	619,488	15,583	383,208	15,748
Debt instruments – listed	5,545	—	9,384	—
Debt instruments – unlisted	472,396	—	549,973	—
Cash & other net assets	109,582	—	222,335	449
	1,207,011	15,583	1,164,900	16,197
TT$ Income Fund				
Debt instruments – listed	214,472	—	130,339	—
Debt instruments – unlisted	391,656	—	376,845	—
Cash & other net assets	36,735	—	5,398	—
	642,863	—	512,582	—
Universal Retirement Fund				
Equities	15,881	—	12,093	—
Debt instruments – listed	—	—	—	—
Debt instruments – unlisted	15,141	—	16,565	—
Cash & other net assets	2,351	—	3,350	26
	33,373	—	32,008	26
Total	**1,883,247**	**15,583**	**1,709,490**	**16,223**

22) FINANCIAL RISK MANAGEMENT (continued)

The Corporation's practice is to value the US dollar-denominated assets of the Funds at a "mid-rate" that is approximately equal to the average of ask and bid rates offered by local commercial banks. As at December 31, 2009, the mid-rate stood at 6.21635 (2008: 6.23355). A 1% change in the TT dollar relative to the US dollar would have changed the net assets of the individual Funds as at December 31, 2009 and December 31, 2008 as follows:

	2009 $'000	2008 $'000
Growth & Income Fund	**12,070**	11,649
TT$ Income Fund	**6,429**	5,126
Universal Retirement Fund	**334**	320

Mutual Funds – Registered as overseas subsidiary companies

The reporting currency of the overseas subsidiaries is the US dollar. Moreover, the portfolio assets of the Funds issued by these subsidiaries are denominated almost exclusively in US dollars (except in the case of the North American Fund which holds Canadian dollar denominated positions). As a result, there is no material exchange rate risk in those Funds.

For the North American Fund nonetheless, a 1% change in the US$/CAD exchange rate would have lowered net assets by $255,131 approximately as at December 31, 2009. There was no foreign currency exposure in this Fund as at December 31, 2008.

Moreover, the translation effect of the subsidiaries on the Group's consolidated financial statements is considered minimal.

Merchant Bank & Treasury

The combined foreign currency assets and liabilities of the Merchant Bank and Treasury as at December 31, 2009 and as at December 31, 2008 are provided as follows:

	US$ (Presented in TT$) $'000	Other (Presented in TT$) $'000
At December 31, 2009		
Assets		
Cash & Cash Equivalents	246,806	—
Money Market Instruments	116,355	—
Fixed Income Securities	1,723,512	—
Equities	337,548	—
Liabilities		
Short-Term Certificates of Interest	(2,222,505)	—
Long-Term Financial Instruments	—	—
Other liabilities	—	—
Total	**201,716**	**—**

22) FINANCIAL RISK MANAGEMENT (continued)

	US$ (Presented in TT$) $'000	Other (Presented in TT$) $'000
At December 31, 2008		
Assets		
Cash & Cash Equivalents	355,245	—
Money Market Instruments	257,535	3,535
Fixed Income Securities	1,850,193	—
Equities	186,905	—
Liabilities		
Short-Term Certificates of Interest	(2,362,916)	(3,535)
Long-Term Financial Instruments	—	—
Other liabilities	—	—
Total	**286,152**	**—**

A 1% change in the TT dollar relative to the US dollar as at that date would have affected the net income position of the Corporation by TT$0.17 million as at December 31, 2009 and by TT$27.9 million as at December 31, 2008.

Credit risk

Merchant Bank & Treasury

Credit risk is defined as the risk of loss due to default or the risk of diminution of value or loss due to poor asset quality. The Merchant Banking operation is exposed to credit risk arising out of its direct lending and underwriting operations. The credit risk exposure of the Merchant Banking Department is managed through credit administration policies and limits that are approved by the Merchant Banking Committee of the Board. The Merchant Banking Committee is also responsible for the approval of all credit advances and underwriting transactions. The Corporation's policy is for all existing facilities to be relationship managed and reviewed annually. The Corporation's policy is for the credit portfolio to be routinely monitored for compliance with approved policies, limits and acceptable risk parameters. Instruments past due but not impaired at the 2009 and 2008 year ends were as follows:

	2009 $'000	2008 $'000
Past due up to 30 days	**7,164**	99
Past due 30-90 days	**157,493**	156
Past due 90-180 days	**361,447**	27
Past due over 180 days	**65,865**	121,445
Total	**591,969**	**121,727**

22) FINANCIAL RISK MANAGEMENT (continued)

A remedial management process is in place to manage more closely past due accounts with a view to recovery via realisation of collateral or restructure where feasible. These accounts are individually reviewed and reported on to the Risk and Governance and Merchant Banking Board committees.

The Treasury's holdings of debt instruments apart from inter-company transactions are minimal and do not give rise to material credit risks.

Mutual Funds - Registered as local unit trust schemes

The Mutual Funds' holdings of debt instruments expose them to the risk that issuers or counterparties may default on their financial obligations, that is fail to make full timely payments of scheduled interest and/or principal sums. Default risk has the potential to lower net asset value or fund earnings in the event that part or all of the scheduled cash flows become uncollectible after being past due for an extended period of time. This risk of loss may be tempered by the availability of realisable collateral that enhances the potential recovery value on the debt instrument.

Default risk is managed at the outset by subjecting all issuers/counterparties to a robust credit risk assessment process that results in the assignment of a credit score or rating. The credit score then maps to an exposure limit for each issuer/counterparty. It is the Corporation's policy that a credit rating review of each issuer/counterparty be performed on at least an annual basis. Based on the outcome of this review, the initial exposure limit may be increased, decreased or maintained.

The overall Fund exposure to default risk is measured by monitoring the relative credit quality of the issuers making up the fixed income portfolio. Issuers/counterparties that are rated at least BBB- equivalent by international credit rating agencies or that have an internally determined credit score consistent with such a credit rating are deemed to have a high credit quality. Issuers/counterparties that are rated CCC equivalent and below by international agencies or have an internally determined score consistent with such a rating or that are past due or otherwise distressed or that are exposed to considerable short-term economic/industry/project risk are all deemed low credit quality. All other issuers/counterparties are considered to be of moderate credit quality. The internal credit quality is mapped to comparable external rating grades as per the following table:

Agency	High									Moderate						Low
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+ and below
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1 and below
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC and below
CariCris	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	C+ and below

22) FINANCIAL RISK MANAGEMENT (continued)

The credit quality of the individual Funds' fixed income portfolio is given below:

	High $'000	Moderate $'000	Low $'000
At December 31, 2009			
Growth & Income Fund			
Cash & Cash Equivalents	274,665	—	—
Debt instruments – traded	—	—	5,545
Debt instruments – non-traded	359,087	299,294	155,097
	633,752	299,294	160,642
TT$ Income Fund			
Cash & Cash Equivalents	2,241,045	—	—
Debt instruments – traded	91,741	41,692	42,150
Debt instruments – non-traded	6,758,579	465,218	62,747
	9,091,365	558,232	104,897
Universal Retirement Fund			
Cash & Cash Equivalents	13,353	—	—
Debt instruments – traded	—	—	—
Debt instruments – non-traded	44,952	19,651	1,816
	58,305	19,651	1,816
US$ Income Fund			
Cash & Cash Equivalents	591,611	—	—
Debt instruments – traded	544,775	192,838	85,196
Debt instruments – non-traded	2,343,030	637,487	435,495
	3,479,416	830,325	520,691
Total	**13,262,838**	**1,707,502**	**788,046**

22) FINANCIAL RISK MANAGEMENT (continued)

	High $'000	Moderate $'000	Low $'000
As at December 31, 2008			
Growth & Income Fund			
Cash & Cash Equivalents	134,992	—	—
Debt instruments – traded	—	—	9,384
Debt instruments – non-traded	997,997	418,826	23,568
	1,132,989	418,826	32,952
TT$ Income Fund			
Cash & Cash Equivalents	370,236	—	—
Debt instruments – traded	21,346	19,884	89,114
Debt instruments – non-traded	6,264,027	618,128	589,585
	6,655,609	638,012	678,699
Universal Retirement Fund			
Cash & Cash Equivalents	4,749	—	—
Debt instruments – traded	—	—	—
Debt instruments – non-traded	46,661	18,115	—
	51,589	18,115	—
US$ Income Fund			
Cash & Cash Equivalents	387,031	—	—
Debt instruments – traded	309,477	177,247	78,835
Debt instruments – non-traded	2,609,338	738,033	338,259
	3,305,846	915,280	417,094
Total	**11,146,033**	**2,020,131**	**1,253,786**

The Funds' maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements) is given below:

	2009 $'000	2008 $'000
Cash & Cash Equivalents	495,712	847,552
Debt instruments-traded	675,336	814,001
Debt instruments-non-traded	12,049,461	11,977,089
Total	**13,220,509**	**13,638,642**

As at the financial year-end, a single instrument in the US$ Income Fund with an approximate carrying value of $7.7 million was identified as being past due. Although the issuer was in arrears for over two months as at the 2009 year end, the recovery value of the collateral property is judged to exceed the carrying value. The item was therefore not accounted for as an impaired asset.

22) FINANCIAL RISK MANAGEMENT (continued)

The corresponding credit quality of the Mutual Funds registered as overseas subsidiary companies is presented below for December 31, 2009 and December 31, 2008:

	High $'000	Moderate $'000	Low $'000
As at December 31, 2009			
Corporate debt Securities			
UTC Energy Fund	3,773	3,968	2,728
UTC Global Bond Fund	2,040	519	2,460
UTC European Fund	620	260	—
UTC Asia Pacific Fund	1,286	—	622
UTC Latin American Fund	482	260	627
UTC North American Fund	70,149	—	701
Treasury bills			
UTC Energy Fund	—	—	—
UTC Global Bond Fund	—	—	746
UTC European Fund	—	—	—
UTC Asia Pacific Fund	—	—	—
UTC Latin American Fund	—	—	—
UTC North American Fund	5,430	—	—
Interest income receivable			
UTC Energy Fund	195	—	—
UTC Global Bond Fund	38	—	—
UTC European Fund	2	—	—
UTC Asia Pacific Fund	24	—	—
UTC Latin American Fund	20	—	—
UTC North American Fund	—	—	—
Other assets			
UTC Energy Fund	49	—	—
UTC Global Bond Fund	12	—	—
UTC European Fund	—	—	—
UTC Asia Pacific Fund	—	—	—
UTC Latin American Fund	—	—	—
UTC North American Fund	—	—	—
Cash			
UTC Energy Fund	6,058	—	—
UTC Global Bond Fund	2,368	—	—
UTC European Fund	2,623	—	—
UTC Asia Pacific Fund	3,741	—	—
UTC Latin American Fund	2,555	—	—
UTC North American Fund	—	—	—

22) FINANCIAL RISK MANAGEMENT (continued)

	High $'000	Moderate $'000	Low $'000
As at December 31, 2008			
Corporate debt Securities			
UTC Energy Fund	2,929	5,696	—
UTC Global Bond Fund	586	3,414	370
UTC European Fund	—	280	—
UTC Asia Pacific Fund	—	1,104	—
UTC Latin American Fund	—	1,135	155
UTC North American Fund	—	—	—
Treasury bills			
UTC Energy Fund	2,144	3,453	—
UTC Global Bond Fund	2,665	870	—
UTC European Fund	1,290	—	—
UTC Asia Pacific Fund	1,290	—	—
UTC Latin American Fund	1,290	—	—
UTC North American Fund	—	—	—
Interest income receivable			
UTC Energy Fund	322	—	—
UTC Global Bond Fund	109	—	—
UTC European Fund	3	—	—
UTC Asia Pacific Fund	8	—	—
UTC Latin American Fund	27	—	—
UTC North American Fund	—	—	—
Other assets			
UTC Energy Fund	14	—	—
UTC Global Bond Fund	70	—	—
UTC European Fund	—	—	—
UTC Asia Pacific Fund	—	—	—
UTC Latin American Fund	—	—	—
UTC North American Fund	—	—	—
Cash			
UTC Energy Fund	6,292	—	—
UTC Global Bond Fund	827	—	—
UTC European Fund	2,588	—	—
UTC Asia Pacific Fund	6,580	—	—
UTC Latin American Fund	3,222	—	—
UTC North American Fund	—	—	—

22) FINANCIAL RISK MANAGEMENT (continued)

The Funds' maximum exposure to credit risk as at December 31, 2009 and December 31, 2008 were as follows:

December 31, 2009	UTC Energy Fund $'000	UTC Asia-Pacific Fund $'000	UTC European Fund $'000	UTC Latin American Fund $'000	UTC Global Bond Fund $'000
Corporate debt securities	10,469	2,269	880	1,586	5,580
Treasury bills	—	—	—	—	746
Other assets	244	24	15	20	50
Cash	6,058	3,741	2,623	2,555	2,368
Total	**16,771**	**6,034**	**3,518**	**4,161**	**8,744**

December 31, 2008	UTC Energy Fund $'000	UTC Asia-Pacific Fund $'000	UTC European Fund $'000	UTC Latin American Fund $'000	UTC Global Bond Fund $'000
Corporate debt securities	8,498	1,104	280	1,291	4,370
Treasury bills	5,602	1,290	1,290	1,290	3,536
Other assets	335	8	3	27	178
Cash	6,292	6,580	2,588	3,222	827
Total	**20,727**	**8,982**	**4,161**	**5,830**	**8,911**

The maximum exposure to credit risk for the North American Fund stood at US$76,279,215 as at December 31, 2009 comprising US$70,849,295 in corporate debt securities and US$5,429,919 in Treasury bills. This compares with a maximum exposure of US$140,473,938 as at December 31 2008, comprising corporate debt securities only.

No instruments were deemed past due for these Funds as at December 31, 2009 and as December 31, 2008.

Impaired assets

Impairment provisions are recognised for financial reporting only for losses that have been incurred at the balance sheet date based on objective evidence of impairment.

The Corporation's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including reconfirmation of its

22) FINANCIAL RISK MANAGEMENT (continued)

enforceability) and the anticipated receipts for that individual account. An asset is considered impaired where there is no longer reasonable assurance of collection within the contractually established timeframe and the full amount of principal and interest due to deterioration in the credit quality of the counterparty or any other factor which may affect contractual performance. In other words, an asset is impaired if its estimated recoverable amount is less than its carrying amount.

Merchant Bank & Treasury

The impairment charge for the year ended December 31, 2009 is TT$79.77 million against the Corporation's assets held by the Merchant Bank. No impairment charge was required for the assets held by Treasury.

Mutual Funds - Registered as local unit trust schemes

With regard to these Mutual Funds, as at December 31, 2009 two instruments were accounted for as impaired assets across the following Funds in the amounts detailed below:

Growth and Income Fund	$105.25 million
TT Dollar Income Fund	$0.79 million
Universal Retirement Fund	$1.81 million
US Dollar Income Fund	$4.79 million

Mutual Funds - Registered as overseas subsidiary companies

With regard to these Mutual Funds, the impairment losses recorded for the year ended December 31, 2009 were as follows:

UTC Asia Pacific Fund	$0.06 million
UTC Latin American Fund	$0.04 million
UTC Global Bond Fund	$0.08 million
UTC Energy Fund	$0.73 million

Concentration risk

Mutual Funds – Registered as local unit trust schemes

During the normal course of investment activity, the Funds may build up concentrations in single entities, groups of related/affiliated entities, sectors/industries and countries. Domination of the Funds individually and collectively in any one security, entity/group of entities, industry/sector or country/geographic region has the potential *inter alia* to magnify the impact of idiosyncratic events on net assets or earnings. In some cases, such concentrations may restrict the ability of the Funds to exit security positions without sustaining substantial loss.

Statutory restrictions limit the exposure of the Funds to any one issuer to a maximum of 10% of net assets and a maximum of 10% in securities in issue. Combined with additional internal risk limits, this prevents the undue build up of issuer, sector and country concentrations in the Funds. As at December 31, 2009 there were no exposures to any single entity or group of related entities exceeding 10% of the Funds' combined net assets.

22) FINANCIAL RISK MANAGEMENT (continued)

Mutual Funds – Registered as overseas subsidiary companies

The mutual fund products issued by overseas subsidiary companies contain significant geographic, industry sector and/or asset class concentrations in compliance with regulatory prescriptions on fund nomenclature. In general, concentrations higher than 80% are usual in these Funds. As such there is significant concentration risk in the Fund portfolios.

Merchant Bank & Treasury

In the Merchant Bank, concentrations of credit risk are managed and controlled wherever they are identified, in particular to individual counterparties and groups, and to industries and countries. As at December 31, 2009, the Merchant Banking portfolio was exposed to significant concentration in the real estate sector. With respect to individual counterparties and group concentration, there was significant exposure to one borrower group. Concentration is considered significant if the exposure to the borrower group is more than 25% of the Merchant Banking total asset portfolio.

The total exposure of the Corporation to the CL Financial Group is $2.18 billion. The mutual funds collectively account for $0.94 billion, of which $0.45 billion is fully secured. The remaining $0.49 billion represents holdings in a publicly listed bank that is a member of the Group disaggregated by asset class as follows:

Quoted equity (ordinary shares) – $0.23 billion
Fixed rate bonds (senior unsecured) – $0.26 billion

The Corporation's Merchant Bank also holds $1.24 billion in fully secured investments with the CL Financial Group.

Liquidity risk

Merchant Bank & Treasury

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Group's liquidity management process includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of short-term investments that can be easily liquidated as protection against any unforeseen interruptions to cash flow and managing the concentration and profile of debt maturities.

The table below presents cash flows payable by the Group for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At December 31, 2009			
Accounts Payable and Short Term Liabilities	49,908	—	—
Other Liabilities	36,802	—	—
Short Term Financial Instruments	2,873,962	—	—
Long Term Financial Instruments	—	26,752	259,365
Finance Lease	3,289	22,246	27,512
Total	**2,963,961**	**48,998**	**286,877**

22) FINANCIAL RISK MANAGEMENT (continued)

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At December 31, 2008			
Accounts Payable and Short Term Liabilities	39,200	—	—
Other Liabilities	46,433	—	—
Short Term Financial Instruments	3,037,268	83,767	—
Long Term Financial Instruments	6,402	59,375	205,016
Finance Lease	2,983	20,178	32,869
Total	**3,132,286**	**163,320**	**237,885**

Mutual Funds

Units in the Growth & Income Fund, the TT$ Income Fund and the US$ Income Fund are redeemable upon demand by investors. This is also true of the mutual fund products issued by the overseas subsidiaries. Consequently, these Funds are exposed to daily unit redemptions. The Funds mitigate this risk by maintaining adequate portfolio liquidity through appropriate cash, near cash and other short-term investments. Given the tradable nature of a substantial proportion of the Fund portfolios, this risk is not deemed significant.

Capital Management

The objectives with respect to the management of capital are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for its stakeholders and to maintain a strong capital base for the development of its business. The capital maintenance objective of the Investment Funds under management is met through the risk management strategies adopted by the Corporation. Additionally, the Corporation has established Fund Reserves to treat with any capital losses in its investment portfolios.

23) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group's financial statements and its financial result are influenced by accounting policies, estimates and management judgment, which necessarily have to be made in the course of preparation of consolidated financial statements. Estimates and judgments are evaluated on a continuous basis, and are based on historical experience and other factors, including expectations with regard to future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year.

ERRATA: **Note 24 – The Shareholding and Market Value of the Growth and Income Fund's interest in Republic Bank Limited were inadvertently included in the values for US$ Equity.**

24) INVESTMENT SECURITIES – GROWTH AND INCOME FUND (FIRST UNIT SCHEME)

	SHAREHOLDING 2009 (STOCK UNITS)	MARKET VALUE 2009 $	MARKET VALUE 2008 $
FINANCIAL INSTITUTIONS			
Scotiabank Trinidad & Tobago Limited	6,337,859	194,889,164	167,953,264
Republic Bank Limited	3,063,166	226,735,547	263,432,276
ANSA Merchant Bank Limited	1,798,833	53,964,990	53,964,990
First Caribbean International Bank Limited	6,943,139	45,130,404	67,267,583
National Commercial Bank of Jamaica	18,250,000	18,980,000	14,600,000
Sagicor Financial Corporation	8,687,579	102,079,053	95,563,369
Bank of Nova Scotia – Jamaica	11,750,000	15,582,850	15,748,466
MANUFACTURING			
Unilever Caribbean Limited	1,128,770	18,906,898	22,552,825
The West Indian Tobacco Company Limited	—	—	27,327,065
Trinidad Cement Limited	9,905,572	38,136,452	39,622,288
National Flour Mills Limited	—	—	4,659,619
CONGLOMERATES			
ANSA Mc AL Limited	5,463,064	234,911,752	273,153,200
Neal & Massy Holdings Limited	5,181,532	233,168,940	354,569,094
Grace Kennedy & Company Limited	2,358,000	7,074,000	9,549,900
NON-BANKING FINANCIAL INSTITUTIONS			
American Life and General Insurance Company (Trinidad and Tobago) Limited	462,416	2,427,684	2,427,684
Guardian Holdings Limited	5,761,731	81,298,024	103,711,158
National Enterprises Limited	4,762,640	39,291,780	60,162,300
Savinvest Mutual Fund	278,698	17,279,279	19,508,762
ENERGY AND ENERGY RELATED INDUSTRIES			
Eastern Caribbean Gas Pipeline	1,288,666	8,010,798	7,628,810
PROPERTY			
Point Lisas Industrial Port Development Corporation Limited	2,966,876	17,207,881	26,672,215
Market Value TT$ Equity	96,388,541	1,355,075,496	1,630,074,868
Market Value US$ Equity	47,445,199	594,197,553	356,070,758
MARKET VALUE OF EQUITIES	143,833,740	1,949,273,049	1,986,145,626
TOTAL DEBT SECURITIES		899,881,668	1,109,997,007
		2,849,154,717	3,096,142,633
SHORT TERM INVESTMENTS		—	237,179,339
TOTAL VALUE OF INVESTMENT SECURITIES		**2,849,154,717**	**3,333,321,972**

24) INVESTMENT SECURITIES – GROWTH AND INCOME FUND (FIRST UNIT SCHEME) (continued)

The Portfolio of the Growth and Income Fund is represented by:

	2009 $	2008 $
Held to Maturity Financial Assets	893,917,462	1,246,154,915
Available for Sale Financial Assets	1,955,237,255	2,087,167,057
Total	**2,849,154,717**	3,333,321,972

25) INVESTMENT SECURITIES – TT$ INCOME FUND

	2009 $	2008 $
Securities at market value:		
Government Securities	2,291,403,886	2,007,766,831
Corporate Securities	1,443,044,698	945,925,226
Short Term Investments	4,370,323,107	4,648,389,561
Total	**8,104,771,691**	7,602,081,618

The portfolio of the TT$ Income Fund is represented by:

	2009 $	2008 $
Held to Maturity Financial Assets	7,381,109,060	7,146,643,338
Available for Sale Financial Assets	723,662,631	455,438,280
Total	**8,104,771,691**	7,602,081,618

26) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND

	SHAREHOLDING 2009 (STOCK UNITS)	MARKET VALUE 2009 $	MARKET VALUE 2008 $
FINANCIAL INSTITUTIONS			
ANSA Merchant Bank Limited	330,611	9,918,330	11,051,160
First Caribbean International Bank Limited	131,826	856,869	1,594,193
National Commercial Bank – Jamaica	1,200,000	1,248,000	960,000
Republic Bank Limited	—	—	1,945,062
Scotiabank Trinidad & Tobago Limited	114,466	3,519,814	383,336
MANUFACTURING			
National Flour Mills Limited	—	—	66,714
Readymix (West Indies) Limited	36,780	1,153,053	1,162,248
The West Indian Tobacco Company Limited	68,288	2,211,848	3,457,190
Trinidad Cement Limited	350,960	1,351,196	1,403,840
Unilever Caribbean Limited	20,975	351,331	419,081
CONGLOMERATES			
ANSA Mc Al Limited	170,028	7,311,204	9,372,700
Grace Kennedy & Company Limited	549,867	1,649,601	1,980,531
Neal & Massy Holdings Limited	207,698	9,346,410	11,156,954
NON-BANKING FINANCIAL INSTITUTIONS			
Guardian Holdings Limited	398,313	5,620,196	4,537,350
National Enterprises Limited	348,417	2,874,440	2,910,600
Sagicor Financial Corporation	512,263	6,019,090	4,972,000
PROPERTY			
Point Lisas Industrial Port Development Corporation Limited	343,014	1,989,481	3,083,696
Market Value TT$ Equity	4,783,506	55,420,863	60,456,655
UTC North American Fund	1,007	60,517	51,522
Market Value US$ Equity	2,204,076	15,820,578	8,636,134
MARKET VALUE OF EQUITIES	6,988,588	71,301,958	69,144,311
TOTAL DEBT SECURITIES		64,602,561	63,775,766
		135,904,519	132,920,077
SHORT-TERM INVESTMENT		—	1,000,000
TOTAL VALUE OF INVESTMENT SECURITIES		**135,904,519**	**133,920,077**

26) INVESTMENT SECURITIES – UNIVERSAL RETIREMENT FUND (continued)

The Portfolio of the Universal Retirement Fund is represented by:

	2009 $	2008 $
Held to Maturity Financial Assets	64,602,560	63,152,551
Available for Sale Financial Assets	71,301,959	70,767,526
Total	**135,904,519**	133,920,077

27) INVESTMENT SECURITIES – US$ INCOME FUND

	2009 $	2008 $
Securities at market value:		
Government Securities	342,606,370	296,276,442
Corporate Securities	1,205,294,980	927,492,010
Cash and Short-Term Investments	2,690,919,733	2,384,391,472
Total	**4,238,821,083**	3,608,159,924

The Portfolio of the US$ Income Fund is represented by:	2009 $	2008 $
Held to Maturity Financial Assets	3,416,011,837	3,072,757,341
Available for Sale Financial Assets	822,809,246	535,402,583
Total	**4,238,821,083**	3,608,159,924

28) INVESTMENT IN SUBSIDIARIES

a) Local Subsidiaries

The Corporation established three (3) wholly-owned local subsidiary companies incorporated under the Companies Act 1995 of Trinidad & Tobago as follows:

Company	% Interest	Date of Incorporation
UTC Financial Services Limited	100%	March 23, 1999
UTC Trust Services Limited	100%	June 2, 1999
UTC Property Holdings Limited	100%	June 18, 2002

The UTC Property Holdings Limited is a wholly-owned subsidiary of the Corporation and all the Directors of this company are Directors of the Corporation. It currently owns buildings constructed for rental to the Corporation to house its customer service centers.

The assets, liabilities and results of operations of these subsidiaries have been fully incorporated in these Financial Statements. The auditor for these subsidiary companies is PriceWaterhouseCoopers.

b) Foreign Subsidiaries

The Corporation has established five (5) foreign subsidiaries and, given its current majority holding in UTC North American Fund Inc., now has six (6) foreign subsidiaries consolidated in these financial statements. These are:

Company	% Interest	Date of Incorporation	Country of Incorporation
UTC Fund Services, Inc.	100%	December 8, 1997	Delaware, USA
UTC Financial Services USA, Inc.	100%	June 8, 1999	Rhode Island, USA
Unit Trust Corporation (Belize) Limited	90%	August 24, 2001	Belize
Unit Trust Corporation (Cayman) SPC Limited	100% voting shares 42% segregated portfolio shares	July 31, 2006	Cayman Islands
UTC Energy Investment Limited	90%	May 31, 2007	Delaware, USA
UTC North American Fund Inc.	72%	October 24, 1990	Maryland, USA

28) INVESTMENT IN SUBSIDIARIES (continued)

During 2008, the names of subsidiaries were changed as follows:

Previous name	New name	Effective date
Belize Unit Trust Corporation Limited	Unit Trust Corporation (Belize) Limited	April 1, 2008
Chaconia Fund Services, Inc.	UTC Fund Services, Inc.	January 31, 2008
Chaconia Financial Services, Inc.	UTC Financial Services USA, Inc.	January 31, 2008
UTC Mutual Funds SPC Limited	Unit Trust Corporation (Cayman) SPC Limited	March 3, 2008
Chaconia Growth and Income Fund	UTC North American Fund, Inc.	January 31, 2008

The auditors of these foreign subsidiaries are as follows:

Company	Auditors
Unit Trust Corporation (Belize) Limited	Pannell Kerr Forster, Belize
UTC Financial Services USA, Inc	Kirkland, Russ, Murphy & Tapp, USA
UTC Fund Services, Inc	Kirkland, Russ, Murphy & Tapp, USA
Unit Trust Corporation (Cayman) SPC Limited	PricewaterhouseCoopers, Cayman Islands
UTC North American Fund, Inc.	PricewaterhouseCoopers, Milwaukee

b) Foreign Subsidiaries

The UTC Energy Investment Limited is not a publicly traded entity and is not subject to any regulatory reporting, therefore it does not require an audit opinion.

The Unit Trust Corporation (Cayman) SPC Limited was incorporated in 2006 and is authorised to issue voting and segregated portfolio shares. The Trinidad and Tobago Unit Trust Corporation has the sole right to hold 100% of the voting shares of the Company. As at December 31, 2009, the Trinidad and Tobago Unit Trust Corporation held one voting share at a value of $621.63 (2008: $623.55).

The segregated portfolio shares are held by various investors, including the Trinidad and Tobago Unit Trust Corporation, who have invested in the mutual funds issued by the Unit Trust Corporation (Cayman) SPC Limited. The balance sheet of this Company comprises the combined assets and liabilities of five mutual funds, plus the value of the voting shares. The Trinidad and Tobago Unit Trust Corporation invested seed capital of $25 million across the five mutual funds, currently representing 42% ownership of the segregated portfolio shares. Prior to 2009, the net assets of this Company were not consolidated in these financial statements, resulting in a restatement of the 2008 financial statements.

28) INVESTMENT IN SUBSIDIARIES (continued)

b) Foreign Subsidiaries (continued)

UTC Energy Investment Limited was incorporated in 2007 under the Laws of Delaware, USA. In addition to the 90% of capital held by the Corporation, the Growth and Income Fund and the UTC Energy Fund, a subsidiary fund, hold the additional 10% of this company. Since the assets of these investment funds are reflected in these consolidated accounts, all of the assets of this subsidiary are reported on the consolidated statement of financial position.

UTC Fund Services Inc. has been inactive since its incorporation until March 1, 2009 when it began operations as the investment adviser to the UTC North American Fund Inc.

The UTC North American Fund Inc. (formerly Chaconia Income and Growth Fund Inc.) is registered as an open-end, diversified, management investment company under the Investment Act of 1940 of the United States of America, as amended. In December 2008, the Corporation acquired majority shareholding in the UTC North American Fund, Inc. when its shareholding grew to 70% of the outstanding shares of this Fund. The net assets of this Company are consolidated in these financial statements with the appropriate restatement of the comparative year.

29) SEGMENT INFORMATION

The Group has reported three (3) business segments:

a) Merchant Banking – includes loan syndication, provision of short term and long term financing, floating and underwriting of bonds and consultancy.

b) Mutual Funds Services – includes asset management and administration of investment funds.

c) Treasury operations – has responsibility for areas of the Corporation such as investment of surplus funds, cash flow management and Bureau de Change business.

	2009 $'000				
	Merchant Banking	**Treasury**	**Mutual Fund Services**	**Other**	**Group**
Gross external revenues	273,658	22,080	250,110	30,576	576,424
Revenue from other segments	—	137,541	—	—	137,541
Total gross revenues	273,658	159,621	250,110	30,576	713,965
Total expenses	(254,515)	(116,651)	(236,122)	(15,799)	(623,087)
Net income before tax	19,143	42,970	13,988	14,777	90,878
Taxation	—	—	(381)	(1,609)	(1,990)
Net income for the year	19,143	42,970	13,607	13,168	88,888
Segment assets	3,102,066	3,090,152	16,057,822	419,272	22,669,312
Unallocated assets	—	—	—	—	—
Total assets	3,102,066	3,090,152	16,057,822	419,272	22,669,312
Segment liabilities	(2,817,988)	(3,027,454)	(16,781,342)	(42,528)	(22,669,312)
Unallocated liabilities	—	—	—	—	—
Total liabilities	(2,817,988)	(3,027,454)	(16,781,342)	(42,528)	(22,669,312)
Other segment items:					
Interest expense	157,562	97,214	—	—	254,776
Impairment	79,774	—	904	—	80,678
Depreciation	—	—	16,919	1,769	18,688

29) SEGMENT INFORMATION (continued)

	2008 $'000				
	Merchant Banking	Treasury	Mutual Fund Services	Other	Group
Gross external revenues	252,370	—	233,320	15,294	500,984
Revenue from other segments	—	—	3,550	—	3,550
Total gross revenues	252,370	—	236,870	15,294	504,534
Total expenses	(149,355)	—	(213,018)	(17,231)	(379,604)
Net income before tax	103,015	—	23,852	(1,937)	124,930
Taxation	—	—	(346)	(37)	(383)
Net income for the year	103,015	—	23,506	(1,974)	124,547
Segment assets	3,696,351	—	15,912,836	386,075	19,995,262
Unallocated assets	—	—	—	—	—
Total assets	3,696,351	—	15,912,836	386,075	19,995,262
Segment liabilities	(3,442,794)	—	(16,506,536)	(45,932)	(19,995,262)
Unallocated liabilities	—	—	—	—	—
Total liabilities	(3,442,794)	—	(16,506,536)	(45,932)	(19,995,262)
Other segment items:					
Interest expense	132,444	—	—	—	132,444
Impairment	—	—	1,302	—	1,302
Depreciation	—	—	15,419	1,752	17,170

30) RETIREMENT BENEFIT PLAN ASSETS

Prior to January 1, 2001 the Unit Trust Corporation Pension Fund Plan (the Plan) had been a defined benefit plan. The Plan received formal approval during 2002 for conversion to a defined contribution plan with effect from January 1, 2001 with pre January 1, 2001 benefits guaranteed. Retirement benefits are currently paid out of the Fund and are guaranteed for life. The defined benefits comprise a small portion of plan benefits and the pension expense is faithfully represented by cash contributions from the Corporation. This is due to the limitation required by IAS 19 section 58 (b) (ii) which prohibits recognition of the pension plan surplus unless it is available to the Corporation via reduction of its future contributions. For the financial year 2009, the Corporation contributed $9.78 million (2008: $7.09 million) to the Plan. This is in excess of the current service costs, but this excess will never be available to the Corporation and must be used to preserve members' contributions.

31) TAXATION

The local subsidiary companies are subject to Corporation Tax and foreign subsidiaries are subject to taxation relevant to the country of domicile.

	2009 $'000	2008 $'000
Net income before taxation	90,878	124,929
Corporation tax rate 0%	—	—
Corporate tax at 25% for local subsidiaries	619	549
Corporate tax for foreign subsidiaries	175	3
Utilisation of previously unrecognised tax losses	—	(549)
Tax losses reversed	780	—
Business Levy payments	24	22
Green Fund Levy payments	392	357
Tax charge	1,990	382

32) DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method using the current rate of 25%.

Deferred tax assets and liabilities and deferred tax (credit)/charge in the profit and loss account are attributable to the following items:

Deferred income tax assets and liabilities are attributable to the following:

	2009 $
Losses carry forward	(3,128,344)
Premises and equipment	4,527,306
Net deferred liability	1,398,962

33) RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following transactions were carried out with related parties:

a) Loans

	2009 $'000	2008 $'000
Key management personnel	**1,577**	979
Subsidiaries	**72,725**	79,125
Total	**74,302**	80,104
Loans to key management of the Group:		
Balance at beginning of year	**979**	1,209
Loans advanced during year	**1,056**	254
Loan repayments received during year	**(458)**	(484)
Interest income during year	**50**	42
Interest received during year	**(50)**	(42)
Balance at end of year	**1,577**	979
Loans: subsidiaries		
Balance at beginning of year	**79,125**	85,181
Loan repayments received	**(6,400)**	(6,056)
Balance at end of year	**72,725**	79,125

b) Rental of premises from:

Subsidiary Company	**12,367**	12,439

c) Administrative services to:

Subsidiary Company	**3,322**	3,322

d) Key management compensation:

Salaries and other short-term benefits	**20,889**	15,046

33) RELATED-PARTY TRANSACTIONS (continued)

The Investment Funds managed by the Trinidad & Tobago Unit Trust Corporation have invested in bonds issued by its subsidiary company, UTC Property Holdings Limited. As at December 31, 2009, the Investment Funds held $2.6 million (2008: $3.0 million).

34) RESTATEMENTS AND RECLASSIFICATIONS

Adjustments to prior year financial statements have been made to conform to the current year reporting.

The Corporation acquired majority shareholding in UTC North American Fund Inc. in December 2008. The prior period was amended to reflect the line by line consolidation of this subsidiary.

The Unit Trust Corporation (Cayman) SPC Limited is a subsidiary of the Corporation and is now being consolidated in these financial statements.

In accordance with IAS 19, outstanding vacation has been accrued, with restatement to the comparative year. Also, reorganisation cost recovery is being reclassified to liabilities from prepayments and other assets in 2008.

The effect of these changes to the 2008 consolidated statement of financial position and consolidated statement of comprehensive income is summarised in the following tables.

34) RESTATEMENTS AND RECLASSIFICATIONS (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – 2008

	Consolidated Statement of Financial Position – As previously stated $'000	Adjustments UTC North American Fund Inc. $'000	UTC SPC (Cayman) Ltd. $'000	Others $'000	Consolidated Statement of Financial Position – Restated $'000
ASSETS					
Investment Funds	15,574,492	—	—	—	15,574,492
Cash and Cash Equivalents	389,394	—	19,563	—	408,957
Receivables	162,163	313	49	—	162,525
Prepayments and Other Assets	6,798	71	84	860	7,813
Investment Securities	3,564,055	61,042	10,596	—	3,635,693
Property, plant and equipment	188,448	—	—	—	188,448
Intangible Assets	17,334	—	—	—	17,334
TOTAL ASSETS	**19,902,684**	**61,426**	**30,292**	**860**	**19,995,262**
LIABILITIES					
Accounts Payable and Short term Liabilities	39,200	720	169	2,635	42,724
Other Liabilities	46,433	—	—	—	46,433
Short term Financial Instruments	3,121,035	—	—	—	3,121,035
Current Portion of Finance Lease	2,983	—	—	—	2,983
Long term Financial Instruments	270,793	—	—	—	270,793
Finance Lease	53,047	—	—	—	53,047
TOTAL LIABILITIES	3,533,491	720	169	2,635	3,537,015
CAPITAL AND RESERVES					
Initial Capital	4,766	—	—	—	4,766
Unit Capital	15,569,726	—	—	—	15,569,726
	15,574,492	—	—	—	15,574,492
Fund Reserves	84,462	—	—	—	84,462
Statutory Reserves	5,050	—	—	—	5,050
Revaluation Reserve	(1,002)	1,027	(10,438)	—	(10,413)
Retained Income	706,113	(2,724)	(193)	(1,775)	701,421
	794,623	(1,697)	(10,631)	(1,775)	780,520
Minority Interest	78	59,773	43,383	—	103,235
TOTAL LIABILITIES, CAPITAL AND RESERVES	**19,902,684**	**58,796**	**32,921**	**860**	**19,995,262**

34) RESTATEMENTS AND RECLASSIFICATIONS (continued)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – 2008

	Consolidated Statement of Comprehensive Income – As previously stated $'000	Adjustments: UTC North American Fund Inc. $'000	Adjustments: UTC SPC (Cayman) Ltd. $'000	Adjustments: Others $'000	Consolidated Statement of Comprehensive Income – Restated $'000
INCOME					
INVESTMENT INCOME:					
Growth & Income Fund	457,127	—	—	—	457,127
TT$ Income Fund	577,758	—	—	—	577,758
Universal Retirement Fund	14,373	—	—	—	14,373
US$ Income Fund	234,233	—	—	—	234,233
Net Investment Income – Group Operations	129,324	2,269	2,950	—	134,543
Initial Charge	11,455	—	—	—	11,455
Other Income	11,146	(3,804)	(1,812)	—	5,530
Rental Income	3,667	—	—	—	3,667
TOTAL INCOME	**1,439,082**	**(1,535)**	**1,138**	**—**	**1,438,686**
EXPENSES					
Commissions	11,849	—	—	—	11,849
Impairment	—	—	1,302	—	1,302
Administrative	190,329	2,660	343	1,775	195,107
Depreciation and amortisation	17,170	—	—	—	17,170
TOTAL EXPENSES	**219,348**	**2,660**	**1,645**	**1,775**	**225,428**
NET INCOME BEFORE FINANCE CHARGES	1,219,734	(4,195)	(507)	(1,775)	1,213,258
Finance Charges	(10,441)	—	—	—	(10,441)
NET INCOME AFTER FINANCE CHARGES	**1,209,294**	**(4,195)**	**(507)**	**(1,775)**	**1,202,817**
Undistributed Income at beginning of year	21,736	—	—	—	21,736
Distributions	(1,029,039)	—	—	—	(1,029,039)
Transfer from Investment Funds to Reserves	(26,293)	—	—	—	(26,293)
Income Capitalised	(11,149)	—	—	—	(11,149)
Undistributed Income at end of year	(33,143)	—	—	—	(33,143)
NET INCOME BEFORE TAXES	**131,406**	**(4,195)**	**(507)**	**(1,775)**	**124,929**
Taxation	(382)	—	—	—	(382)
NET INCOME AFTER TAXES	**131,024**	**(4,195)**	**(507)**	**(1,775)**	**124,547**
Minority Interest	(184)	1,277	313	—	1,406
NET INCOME AFTER MINORITY INTEREST	**130,840**	**(2,918)**	**(194)**	**(1,775)**	**125,953**

35) COMMITMENTS

As at December 31, 2009, the Group has contractual obligations for capital contributions of $27.3 million over the next eight (8) years (2008 - $33.8 million).

36) POST-BALANCE SHEET EVENTS

These financial statements were approved by the Board of Directors on March 31, 2010. The Trinidad & Tobago Unit Trust Corporation further represents that, as at March 31, 2010 there were no post-balance sheet events, which have a material bearing on these financial statements.

37) CONTINGENT LIABILITIES

As at December 31, 2009 there were two legal proceedings outstanding against the Corporation. No provision has been made, as professional advice indicates that it is unlikely that any significant loss will arise.

Contributors To The Initial Capital

Central Bank of Trinidad & Tobago

The National Insurance Board

COMMERCIAL BANKS

Citibank (Trinidad & Tobago) Limited
First Citizens Bank Limited
RBTT Bank Limited
Republic Bank Limited
Scotiabank Trinidad & Tobago Limited

NON-BANK FINANCIAL INSTITUTIONS

ANSA Finance & Merchant Bank Limited
Caribbean Finance Company Limited
Clico Investment Bank
First Citizens Trust & Merchant Bank Limited
General Finance Corporation Limited
RBTT Trust Limited
RBTT Merchant Bank & Finance Company
Republic Finance & Merchant Bank Limited (FINCOR)
Scotiatrust & Merchant Bank Trinidad & Tobago Limited

LIFE INSURANCE COMPANIES

American Life and General Insurance Company (Trinidad & Tobago) Limited
Banc Assurance Caribbean Limited *(formerly Crown Life (Caribbean) Limited – wholly-owned subsidiary of Guardian Life of the Caribbean Limited)*
British-American Insurance Company (Trinidad) Limited
Caribbean Atlantic Life Insurance Company T&T Limited *(operations managed by Guardian Life of the Caribbean Limited)*
Colonial Life Insurance Company (Trinidad) Limited
Cuna Caribbean Insurance Society Limited
The Demerara Life Assurance Company of Trinidad & Tobago
Goodwill General Insurance Company Limited *(wholly-owned subsidiary of West Indian Financial & Development Company Limited – in compulsory liquidation (c/o Victor Herde)*
Guardian Life of the Caribbean Limited
Life of Barbados Limited *(wholly-owned subsidiary of Sagicor)*
Maritime Life (Caribbean) Limited
MEGA Insurance Company Limited
Nationwide Insurance Company Limited *(wholly-owned subsidiary of Sagicor)*
Sagicor Financial Corporation *(formerly Barbados Mutual Life Assurance Society – the Mutual)*
Tatil Life Assurance Company Limited
Winsure Life Insurance Company Limited *(transferred and assigned to Maritime Life (Caribbean) Limited)*

Notes

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UNIT TRUST
CORPORATION